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5  
6 UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF WASHINGTON

7 UNITED STATES OF AMERICA,

8 Plaintiff,

9 vs.

10 JOSE P. GOMEZ and MARIA GOMEZ,  
11 Husband and Wife; COMMERCIAL  
COLLECTION SERVICE, INC., nka  
12 ARMADA CORPORATION; STATE  
OF WASHINGTON DEPARTMENT OF  
LABOR & INDUSTRIES,

13 Defendants.

14 No. 2:18-cv-00123  
**COMPLAINT FOR  
FORECLOSURE AND  
DEFICIENCY JUDGMENT**

15 The United States of America, on behalf of the Farm Service Agency (“FSA”)  
16 of the United States Department of Agriculture, alleges as follows:

17 1. As this action is brought to collect an indebtedness owed to the United  
18 States of America, jurisdiction exists pursuant to 28 U.S.C. § 1345.

19 2. On or about March 17, 1994, Defendants Jose Gomez and Maria Gomez,  
20 husband and wife, (Defendants Gomez) executed and delivered to FSA a promissory  
21 note in the amount of \$26,500.00. A copy of this note is attached as Exhibit A.

22 3. To secure the payment of the promissory note described in paragraph 2,  
23 Defendants Gomez executed and delivered to FSA security agreements dated  
24 February 3, 1994, and March 3, 1998, describing farm equipment and crops. Copies  
25 of these security agreements are attached as Exhibits B and C. FSA’s security  
26  
27  
28 COMPLAINT - 1

1 interests created by these security agreements were perfected by the filing of a UCC-1  
2 financing statement on February 16, 1999, as Instrument No. 99-047-0379; a  
3 continuation statement filed September 10, 2003, as Instrument No. 2003-254-6709-4;  
4 a continuation statement filed October 14, 2008, as Instrument No. 2008-289-5084-0;  
5 and a continuation statement filed December 5, 2013, as Instrument No. 2013-339-  
6 6848-1, in the Official Records of Department of Licensing for the State of  
7 Washington. Copies of the financing statement, continuation statements and  
8 amendment statements are attached as Exhibits D, E, F, and G.  
9  
10

11 4. Pursuant to the security agreements and financing statements described in  
12 paragraph 3, FSA has a perfected security interest in the following described farm  
13 equipment in the possession of Defendants Gomez and located in the State of  
14 Washington:  
15  
16

17 1 Bin Fork, Rankin 1200#  
18 1 Mower, Servis G60 S/N 7932  
19 1 Tractor, John Deere 1140N, 1984 S/N 433285  
20 1 Weed Sprayer, Pak Tank 100 Gallon S/N WS 104020  
21 1 Sprayer, Turbo-mist 400 Gallon 1990 S/N 524p4098  
22 1 Bin Lift, Cosmag/Sigma 2 Bin, 1994 S/N G734  
23 1 Wind Machine, Orchard Rite, 1994  
24 22 Aluminum Ladders 8' to 16'  
25 1 Back Blade, Woods 6'  
26 1 Mower, Woods D080 6', 1996 S/N 587088  
27 1 Tractor, John Deere 2240 2WD  
28 1 Post Hole Auger, Rankin 8" Auger  
1 Plow, 1 Bottom  
1 Bin Lift 3 Pt  
1 Brush Rake 3 PT  
1 Bin Trailer 4 Bin  
1 Blade w/Lift, Front Mount

1 Irrigation equipment including appurtenant buried mainline (permanently buried PVC  
2 pipe), portable mainline, and wheel lines.

3  
4 5. On or about June 29, 1995, Defendants Gomez executed and delivered to  
5 FSA a promissory note in the amount of \$98,000.00. A copy of this note is attached  
6 as Exhibit H.  
7

8 6. On or about June 29, 1995, to secure payment of the promissory note  
9 described in paragraph 5, Defendants Gomez executed and delivered to FSA a real  
10 estate mortgage describing certain real property Defendants Gomez own in Okanogan  
11 County, Washington. A copy of this mortgage is attached as Exhibit I. This mortgage  
12 was recorded July 13, 1995, in the Official Records of Okanogan County, Washington  
13 as Recording No. 830380, and re-recorded July 27, 1995, as Recording No. 831047,  
14 A copy of this mortgage is attached as Exhibit J. This mortgage still exists of record  
15 as a lien on the real property.  
16  
17

18 7. On or about June 4, 1997, Defendants Gomez executed and delivered to  
19 FSA a promissory note in the amount of \$47,550.00. A copy of this note is attached  
20 as Exhibit K.  
21  
22

23 8. On or about June 4, 1997, for the purpose of securing payment of the  
24 promissory note described in paragraph 7, Defendants Gomez executed and delivered  
25 to FSA a real estate mortgage describing certain real property Defendants Gomez own  
26 in Okanogan County, Washington. A copy of this mortgage is attached as Exhibit L.  
27  
28 This mortgage was recorded in the Official Records of Okanogan County,  
COMPLAINT - 3

1 Washington, on June 5, 1997, as Recording No. 853478. This mortgage still exists of  
2 record as a lien upon the real property.

3 9. On or about March 3, 1998, Defendants Gomez executed and delivered  
4 to FSA a promissory note in the amount of \$42,350.00. A copy of this note is  
5 attached as Exhibit M.

7 10. On or about March 3, 1998, for the purpose of securing payment of the  
8 promissory note described in paragraph 9, Defendants Gomez executed and delivered  
9 to FSA a real estate mortgage describing certain real property they own in Okanogan  
10 County, Washington. A copy of this mortgage is attached as Exhibit N. This  
11 mortgage was recorded in the Official Records of Okanogan County, Washington,  
12 March 4, 1998, as Recording No. 862864. This mortgage still exists of record as a  
13 lien upon the real property.

16 11. Defendants Gomez are delinquent in the payment of their debt to FSA.  
17 In accordance with the provisions of the promissory notes, mortgages, and financing  
18 statements described in paragraphs 2 through 10, and after taking all actions required  
19 under applicable regulations, FSA declared the indebtedness to be immediately due  
20 and payable by letter sent January 20, 2017, by certified and regular mail. A copy of  
21 the notice of acceleration is attached as Exhibit O.

24 12. There is now owing from Defendants Gomez the sum of \$153,605.60,  
25 consisting of \$114,699.24 principal and \$38,906.36 interest accrued through April 10,  
26  
27

1 2018. Interest continues to accrue on the unpaid principal at the daily rate of  
2 \$25.1396.

3 13. Defendant Commercial Collection Service, Inc. *now known as* Armada  
4 Corporation, claims an interest in the real property located in Okanogan County,  
5 Washington, owned by Defendants Gomez by reason of Judgment No. 00-9-0050-4 in  
6 the amount of \$5,088.01, entered in the Superior Court for Okanogan County,  
7 Washington, Case No. 00-2-00564-6, on December 4, 2000. The Judgment Transcript  
8 was filed as Auditor's file number 3029200, in the Official Records of Okanagan  
9 County, Washington, on December 4, 2000.

10 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 14. Defendant State of Washington Department of Labor & Industries claims  
an interest in the real property located in Okanogan County, Washington owned by  
Defendants Gomez by reason of Judgment No. 13-9-00318-7 in the amount of  
\$14,087.01 in Superior Court for Okanogan County, Case No. 13-2-00317-3, and  
Judgment No. 16-9-00067-1 in Superior Court for Okanogan County, Case No. 16-2-  
00049-7 in the amount of \$799.29.

15. The interests of all Defendants are inferior to the interest of the Plaintiff.

16 WHEREFORE, Plaintiff FSA requests judgment against Defendants as follows:

17 1. Against Defendants Jose P. Gomez and Maria Gomez, husband and wife,  
jointly and severally, and the community composed of them, in the amount of  
\$153,605.60 (\$114,699.24 principal and \$38,906.36 interest accrued through April 10,  
2018); plus interest to accrue at the rate of \$25.1396 per day from and after April 10,  
2018.

1 2018, to the date of judgment; plus interest from the date of judgment at the legal rate  
2 until paid in full, for costs of suit, including the filing fee allowed pursuant to 28 USC  
3 § 2412(a)(2), any costs of enforcing the judgment, any costs incurred by FSA to bid at  
4 any foreclosure sale, including but not limited to costs of title work and appraisals,  
5 and any other proper relief.

7 2. Adjudging and decreeing said amount to be a prior lien upon the real  
8 property described in the mortgages, and the farm equipment, and appurtenant  
9 irrigation equipment described in the security agreements. FSA requests an order  
10 foreclosing its interests created in the mortgages and security agreements executed by  
11 Defendants Gomez and delivered to Plaintiff, describing the real property and farm  
12 equipment and appurtenant irrigation equipment owned by Defendants Gomez, and  
13 located in Okanogan County, Washington.

16 3. Directing that the mortgages and security agreements be foreclosed and  
17 the real property and appurtenant irrigation equipment, and farm equipment,  
18 described in those security instruments, be sold by the United States Marshal for the  
19 Eastern District of Washington in the manner provided by law; that the parties hereto  
20 be allowed to bid at the foreclosure sale of real property and appurtenant irrigation  
21 equipment; that the purchaser at said sale shall be issued a Certificate of Sale of Real  
22 Property and be immediately let into possession of said real property and appurtenant  
23 irrigation equipment; and that at the termination of the redemption period the Marshal  
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25  
26  
27  
28

issue his Deed; and after the foreclosure sale of the farm equipment the Marshall shall issue a Bill of Sale.

4. Directing that the proceeds realized from the sale of the real property and appurtenant irrigation equipment, and farm equipment be applied as follows: First, in payment of attorneys' fees, costs, and expenses of this suit and foreclosing Plaintiff's interests; and second in payment of Plaintiff's judgment.

5. Directing that if any deficiency remains after application of the proceeds of such sale, that execution may be issued for such deficiency against the Defendants Gomez, husband and wife, both individually and the community composed of them, and enforced against any other property subject to execution.

6. Decreeing that the Defendants and all persons claiming by or through them, be forever barred and foreclosed from asserting any title or interest in and to the real property and appurtenant irrigation equipment, and farm equipment owned by Defendants Gomez, except the right of redemption as provided by applicable law.

7. Such other and further relief as the court may deem just and proper.

RESPECTFULLY SUBMITTED: April 11, 2018.

JOSEPH H. HARRINGTON  
United States Attorney

s/Brian M. Donovan  
**BRIAN M. DONOVAN**  
Assistant United States Attorney  
Attorneys for Defendant United States

# EXHIBIT A

USDA-FmHA  
Form FmHA 1940-17  
(Rev. 4-92)

## PROMISSORY NOTE

Name JOSE P. GOMEZ and MARIA GOMEZ	
State WASHINGTON	County OKANOGAN
Case No. 56-024	Date March 17, 1994
Fund Code 44	Loan No. 02

KIND OF LOAN

Type: OL

Regular  
 Limited  
Resource

Pursuant to:

Consolidated Farm & Rural Development Act  
 Emergency Agricultural Credit Adjustment Act of 1978

## ACTION REQUIRING NOTE

<input type="checkbox"/> Initial loan	<input checked="" type="checkbox"/> Rescheduling
<input checked="" type="checkbox"/> Subsequent loan	<input type="checkbox"/> Reamortization
<input type="checkbox"/> Consolidated & subsequent loan	<input type="checkbox"/> Credit sale
<input type="checkbox"/> Consolidation	<input type="checkbox"/> Deferred payments
<input type="checkbox"/> Conservation easement	<input type="checkbox"/> Debt write down

FOR VALUE RECEIVED, the undersigned Borrower and any cosigners jointly and severally promise to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (herein called the "Government"), or its assigns, at its office in OKANOGAN, WASHINGTON

, or at such other place as the Government may later designate in writing, the principal sum of TWENTY SIX THOUSAND FIVE HUNDRED dollars (\$ 26,500.00 ), plus interest on the unpaid principal balance at the RATE of FIVE AND ONE QUARTER percent (5.25 %) per annum and

dollars (\$ \_\_\_\_\_ ) of Noncapitalized interest. If this note is for a Limited Resource loan (indicated in the "Kind of Loan" box above) the Government may CHANGE THE RATE OF INTEREST, in accordance with regulations of the Farmers Home Administration, not more often than quarterly, by giving the Borrower thirty (30) days prior written notice by mail to the Borrower's last known address. The new interest rate shall not exceed the highest rate established in regulations of the Farmers Home Administration for the type of loan indicated above.

Principal and interest shall be paid in 8 installments as indicated below, except as modified by a different rate of interest, on or before the following dates:

\$ 4,622.00	on 1-1-95	:\$	NA	on _____
\$ NA	on _____	:\$	NA	on _____
\$ NA	on _____	:\$	NA	on _____
\$ NA	on _____	:\$	NA	on _____
\$ NA	on _____	:\$	NA	on _____
\$ NA	on _____	:\$	NA	on _____

and \$ 4,622.00 thereafter on 1-1 of each year until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable 7 years from the date of this note, and except that prepayments may be made as provided below. The consideration for this note shall also support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan funds shall be advanced to the Borrower as requested by Borrower and approved by the Government. Approval by the Government will be given provided the advance is requested for a purpose authorized by the Government. Interest shall accrue on the amount of each advance from its actual date as shown in the Record of Advances at the end of this note. Borrower authorizes the Government to enter the amount(s) and date(s) of such advance(s) in the Record of Advances.

ENTERED 3-21-94

-5924

PROCESSED 5624

3-22-94

OPERATOR *mag*

For each rescheduled, reamortized or consolidated note for applications for Primary and Preservation Loan Service Programs received prior to November 28, 1990, interest accrued to the date of this instrument which is more than 90 days overdue shall be added to principal and such new principal shall accrue interest at the rate evidenced by this instrument. For applications for Primary and Preservation Loan Service Programs received on or after November 28, 1990, all unpaid interest accrued to the date of this instrument shall be added to the principal and such new principal shall accrue interest at the rate evidenced by this instrument.

Every payment made on any indebtedness evidenced by this note shall be applied first to a portion of any interest which accrues during the deferral period, second to accrued interest to the date of the payment on the note account and then to the principal. Nonprogram loans are not eligible for deferral.

Prepayments of scheduled installments, or any portion of these installments, may be made at any time at the option of the Borrower. Refunds and extra payments, as defined in the regulations (7 CFR §1951.8) of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, to be applied to the last installments to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled in this note.

If the Government at any time assigns this note and insures the payment of it, Borrower shall continue to make payments to the Government as collection agent for the holder. While this note is held by an insured holder, prepayments made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on an installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between such date and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection of this note or to preserve or protect any security for the loan or otherwise expended under the terms of any security agreement or other instrument executed in connection with the loan evidenced by this note, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced by this note and be immediately due and payable by Borrower to the Government without demand.

Property constructed, improved, purchased, or refinanced in whole or in part with the loan evidenced by this note shall not be leased, assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government. Unless the Government consents otherwise in writing, Borrower will operate such property as a farm if this is a Farm Ownership loan.

If "Consolidation and subsequent loan," "Debt write down," "Consolidation," "Rescheduling," or "Reamortization" is indicated in the "Action Requiring Note" block above, this note is given to consolidate, reschedule or reamortize, but not in satisfaction of the unpaid principal and interest on the following described note(s) or assumption agreement(s)(new terms):

FUND CODE/ LOAN NO.	FACE AMOUNT	INT. RATE	DATE	ORIGINAL BORROWER	LAST INSTALL. DUE
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19

Security instruments taken in connection with the loans evidenced by these described notes and other related obligations are not affected by this consolidating, rescheduling or reamortizing. These security instruments shall continue to remain in effect and the security given for the loans evidenced by the described notes shall continue to remain as security for the loan evidenced by this note, and for any other related obligations.

**REFINANCING (GRADUATION) AGREEMENT:** If at any time it shall appear to the Government that the Borrower may be able to obtain financing from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept a loan(s) in sufficient amount to pay this note in full and, if the lender is a cooperative, to pay for any necessary stock. The provisions of this paragraph do not apply if the loan represented by this promissory note was made to the Borrower as a non-program loan.

**HIGHLY ERODIBLE LAND AND WETLAND CONSERVATION AGREEMENT:** Borrower recognizes that the loan described in this note will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity as further explained in 7 CFR Part 1940, Subpart G, Exhibit M. If (1) the term of the loan exceeds January 1, 1990, but not January 1, 1995, and (2) Borrower intends to produce an agricultural commodity on highly erodible land that is exempt from the restrictions of Exhibit M until either January 1, 1990, or two years after the Soil Conservation Service (SCS) has completed a soil survey for the Borrower's land, whichever is later, the Borrower further agrees that, prior to the loss of the exemption from the highly erodible land conservation restrictions found in 7 CFR Part 12, Borrower must demonstrate that Borrower is actively applying on that land which has been determined to be highly erodible, a conservation plan approved by the SCS or the appropriate conservation district in accordance with SCS's requirements. Furthermore, if the term of the loan exceeds January 1, 1995, Borrower further agrees that Borrower must demonstrate prior to January 1, 1995, that any production of an agricultural commodity on highly erodible land after that date will be done in compliance with a conservation system approved by SCS or the appropriate conservation district in accordance with SCS's requirements.

**DEFAULT:** Failure to pay when due any debt evidenced by this note or perform any covenant of agreement under this note shall constitute default under this and any other instrument evidencing a debt of Borrower owing to, insured or Guaranteed by the Government or securing or otherwise relating to such debt; and default under any such other instrument shall constitute default under this note. **UPON ANY SUCH DEFAULT**, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

This Note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act, or the Emergency Agricultural Credit Adjustment Act of 1978 and for the type of loan as indicated in the "Kind of Loan" block above. This Note shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions of this note.

Presentment, protest, and notice are waived.

(SEAL)

*Jose Gomez*  
JOSE P. GOMEZ (Borrower)  
*Maria Gomez*  
MARIA GOMEZ  
P. O. BOX 917  
Tonasket, WA 98855

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE	AMOUNT	DATE
\$26,500.00	3-14-94	\$		\$	
\$		\$		\$	
\$		\$		\$	
\$		\$		\$	
				TOTAL	
				\$	

# **EXHIBIT B**

## Position 1

USDA-FmHA

Form FmHA 440-4

(Rev. 2/88)

SECURITY AGREEMENT  
(CHATTELS AND CROPS)

I. THIS SECURITY AGREEMENT, dated February 3, 1994, is made between the United States of America acting through the Farmers Home Administration (called Secured Party) and Jose P. Gomez and Maria Gomez (called Debtor), whose mailing address is P.O. Box 917 Tonasket, WA 98855

II. BECAUSE Debtor is justly indebted to Secured Party as evidenced by one or more certain promissory note(s) or other instrument(s), and in the future may incur additional indebtedness to Secured Party which will also be evidenced by one or more promissory note(s) or other instrument(s), all of which are called "note", which has been executed by Debtor, is payable to the order of Secured Party, and authorizes acceleration of the entire indebtedness at the option of Secured Party upon any default by Debtor; and

The note evidences a loan to Debtor, and Secured Party at any time, may assign the note and insure the payment thereof to any extent authorized by the Consolidated Farm and Rural Development Act or any other act administered by the Farmers Home Administration and

It is the purpose and intent of this instrument that, among other things, at all times when the note is held by Secured Party, or in the event Secured Party should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder, this instrument shall not secure payment of the note or attach to the debt evidenced by the note, but as to the note and such debt shall constitute an indemnity security agreement to secure Secured Party against loss under its insurance contract by reason of any default by Debtor; and

NOW THEREFORE, in consideration of said loan(s) and (a) at all times when the note is held by Secured Party, or in the event Secured Party should assign this instrument without insurance of the payment of the note, to secure the prompt payment of all existing and future indebtedness and liabilities of Debtor to Secured Party and of all renewals and extensions of such indebtedness and any additional loans or future advances to Debtor before or after made or insured by Secured Party under the then existing provisions of the Consolidated Farm and Rural Development Act or any other act administered by the Farmers Home Administration all with interest, (b) at all times when the note is held by an insured holder, to secure performance of Debtor's agreement in this instrument to indemnify and save harmless Secured Party against loss under its insurance contract by reason of any default by Debtor, (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by Secured Party, with interest, as described in this instrument, and the performance of every covenant and agreement of Debtor contained in this instrument or in any supplementary agreement:

DEBTOR GRANTS to Secured Party a security interest in Debtor's interest in the following collateral, including the proceeds and products thereof after this collateral:

Farm(s) or Other Real Estate *Owner	Approximate No. of Acres	County and State	Approximate Distance and Direction from a Named Town or other Description
Portion of S. 22, Twp. 38N, Rge. 27, E.W.M. A portion of S. 23, Twp. Twp. 38N, Rge. 27, E.W.M.	11.71	Okanogan, WA	6 Mi. N. of Tonasket
Portion of S. 21, 22, 27 and 28, Twp. 38 N. Rge. 27, E.W.M.	3	Okanogan, WA	5 Mi. N. of Tonasket

Including all peanut and tobacco poundage allotments existing on or leased and transferred or to be leased and transferred to the above described farms as well as any proceeds derived from the conveyance or lease and transfer by the debtors to any subsequent party.

\*Owner shown in related Financing Statement, except if informed of ownership change show reputed new owner.

*Item 2.* All farm and other equipment (except small tools and small equipment such as hand tools, power lawn mowers and other items of like type unless described below), and inventory, now owned or hereafter acquired by Debtor, together with all replacements, substitutions, additions, and accessions thereto, including but not limited to the following:

Line No.	Quantity	Kind	Manufacturer	Size and Type	Condition	Year of manufacture	Serial or Motor No.

Any fixture described above is affixed or is to be affixed to the real estate described in *Item 1* of this instrument.

*Item 3.* All livestock (except livestock and poultry kept primarily for subsistence purposes), fish, bees, birds, furbearing animals, other animals produced or used for commercial purposes, other farm products, and supplies, now owned or hereafter acquired by Debtor, together with all increases, replacements, substitutions, and additions thereto, including but not limited to the following:

Line No.	Quantity	Kind-sex	Breed	Color	Weight, average weight	Age or age Range	Brands or other identification

F. Whether or not the note is insured by Secured Party, Secured Party may at any time pay any other amounts required in this instrument to be paid by Debtor and not paid when due, including any costs and expenses for the preservation or protection of the collateral or this security interest, as advances for the account of Debtor. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

G. All advances by Secured Party as described in this instrument, with interest, shall be immediately due and payable by Debtor to Secured Party without demand at the place designated in the latest note and shall be secured by this instrument. No such advance by Secured Party shall relieve Debtor from breach of the covenant to pay. Any payment made by Debtor may be applied on the note or any indebtedness to Secured Party secured hereby, in any order Secured Party determines.

H. In order to secure or better secure the above-mentioned obligations or indebtedness, Debtor will execute and deliver to Secured Party at any time, upon demand, such additional security instruments on such real and personal property as Secured Party may require.

IV. IT IS FURTHER AGREED THAT:

A. Until default Debtor may retain possession of the collateral.

B. Default shall exist under this instrument if Debtor fails to perform or discharge any obligation or to pay promptly any indebtedness secured by this instrument or to observe or perform any covenants or agreements in this instrument or in any supplementary agreement contained, or if any of Debtor's representations or warranties herein prove false or misleading, or upon the death or incompetency of the parties named as Debtor, or upon the bankruptcy or insolvency of anyone of the parties named as Debtor. Default shall also exist if any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M. Upon any such default.

1. Secured Party, at its option, with or without notice as permitted by law, may (a) declare the unpaid balance on the note and any indebtedness secured by this instrument immediately due and payable, (b) enter upon the premises and cultivate and harvest crops, take possession of, repair, improve, use, and operate the collateral or make equipment unusable, for the purpose of protecting or preserving the collateral or this lien, or preparing or processing the collateral for sale, and (c) exercise any sale or other rights accorded by law.

2. Debtor (a) agrees to assemble the collateral and make it available to Secured Party at such time(s) and place(s) as designated by Secured Party, and (b) waives all notices, exemptions, compulsory disposition and redemption rights.

3. A default shall exist under any other security instrument held or insured by Secured Party and executed or assumed by Debtor on real or personal property. Likewise, default under such other security instrument shall constitute default under this instrument.

C. Proceeds from disposition of collateral shall be applied first on expenses of retaking, holding, preparing for sale, selling and the like and for payment of reasonable attorneys' fees and legal expenses incurred by Secured Party, second to the satisfaction of prior security interests or liens to the extent required by law and in accordance with current regulations of the Farmers Home Administration, third to the satisfaction of indebtedness secured by this instrument, fourth to the satisfaction of subordinate security interests to the extent required by law, fifth to any other obligations of Debtor owing to or insured by Secured Party, and sixth to Debtor. Any proceeds collected under insurance policies shall be applied first on advances and expenditures made by Secured Party, with interest, as provided above, second on the debt evidenced by the note, unless Secured Party consents in writing to their use by Debtor under Secured Party's direction for repair or replacement of the collateral, third on any other obligation of Debtor owing to or insured by Secured Party, and any balance shall be paid to Debtor unless otherwise provided in the insurance policies. Debtor will be liable for any deficiency owed to Secured Party after such disposition of proceeds of the collateral and insurance.

D. It is the intent of Debtor and Secured Party that to the extent permitted by law and for the purpose of this instrument, no collateral covered by this instrument is or shall become realty or accessioned to other goods.

E. This instrument is subject to the present regulations of the Secured Party and to its future regulations not inconsistent with the express provisions of this instrument.

F. If any provision of this instrument is held invalid or unenforceable, it shall not affect any other provisions, but this instrument shall be construed as if it had never contained such invalid or unenforceable provision.

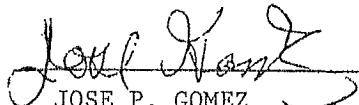
G. The rights and privileges of Secured Party under this instrument shall accrue to the benefit of its successors and assigns. All covenants, warranties, representations, and agreements of Debtor contained in this instrument are joint and several and shall bind personal representatives, heirs, successors, and assigns.

H. If at any time it shall appear to Secured Party that Debtor may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Debtor will, upon Secured Party's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured by this instrument and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

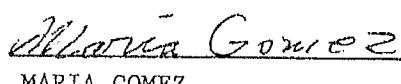
I. Secured Party shall have the sole and exclusive rights as the secured party under this instrument, including but not limited to the power to grant or issue any consent, release, subordination, continuation statement or termination statement, and no insured holder shall have any right, title, or interest in or to the security interest created by this instrument or any benefits of it.

J. SECURED PARTY HAS INFORMED DEBTOR THAT DISPOSAL OF PROPERTY COVERED BY THIS SECURITY AGREEMENT WITHOUT THE CONSENT OF SECURED PARTY, OR MAKING ANY FALSE STATEMENT IN THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT, MAY CONSTITUTE A VIOLATION OF FEDERAL CRIMINAL LAW.

K. Failure by the Secured Party to exercise any right—whether once or often—shall not be construed as a waiver of any covenant or condition or of the breach of such covenant or condition. Such failure shall also not affect the exercise of such right without notice upon any subsequent breach of the same or any other covenant or condition.

  
JOSE P. GOMEZ

(SEAL)  
(Debtor)

  
MARIA GOMEZ

(SEAL)  
(Debtor)

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*Item 4.* All accounts, contract rights and general intangibles, as follows: All accounts, general intangibles, gross receipts, including co-op retains, equities and revolving funds derived from or related to debtor's farmland or farming operation.

**III. DEBTOR WARRANTS, COVENANTS, AND AGREES THAT:**

A. Debtor is the absolute and exclusive owner of the above-described collateral, and any marks or brands used to describe livestock are the holding brands and carry the title, although the livestock may have other marks or brands, and such collateral is free from all liens, encumbrances, security and other interests except (1) any existing liens, encumbrances, security or other interests in favor of Secured Party which shall remain in full force and effect, (2) any applicable landlord's statutory liens, and (3) other liens, encumbrances, security or other interests, as follows:

and Debtor will defend the collateral against the claims and demands of all other persons. Reference to the above liens, encumbrances, security and other interests is for warranty purposes only and does not indicate their priority.

B. Statements contained in Debtor's loan application(s) are true and correct; and Debtor will (1) use the loan funds for the purposes for which they were or are advanced, (2) comply with such farm and home management plans as may be agreed upon from time to time by Debtor and Secured Party, (3) care for and maintain the collateral in a good and husbandlike manner, (4) insure the collateral in such amounts and manner as may be required by Secured Party, and if Debtor fails to do so, Secured Party, at its option, may procure such insurance, (5) permit Secured Party to inspect the collateral at any reasonable time, (6) not abandon the collateral or encumber, conceal, remove, sell or otherwise dispose of it or of any interest in the collateral, or permit others to do so, without the prior written consent of Secured Party, and (7) not permit the collateral to be levied upon, injured or destroyed, or its value to be impaired, except by using harvested crops in amounts necessary to care for livestock covered by this instrument.

C. Debtor will pay promptly when due all (1) indebtedness evidenced by the note and any indebtedness to Secured Party secured by this instrument, (2) rents, taxes, insurance premiums, levies, assessments, liens, and other encumbrances, and costs of liens searches and maintenance and other charges now or later attaching to, levied on, or otherwise pertaining to the collateral or this security interest, (3) filing or recording fees for instruments necessary to perfect, continue, service, or terminate this security interest, and (4) fees and other charges now or later required by regulations of the Farmers Home Administration. At all times when the note is held by an insured holder, Debtor shall continue to make payments on the note to Secured Party, as collection agent for the holder.

D. If the note is insured by Secured Party, Debtor will indemnify and save harmless Secured Party against any loss by reason of any default by Debtor.

E. At all times when the note is held by an insured holder, any amount due and unpaid under the terms of the note to which the holder is entitled may be paid by Secured Party to the holder of the note for the account of Debtor. Any amount due and unpaid under the terms of the note, whether it is held by Secured Party or by an insured holder, may be credited by Secured Party on the note and thereupon shall constitute an advance by Secured Party for the account of Debtor. Any advance by Secured Party as described in this paragraph shall bear interest at the note rate from the date on which the amount of the advance was due to the date of payment to Secured Party, provided that Borrower shall be required to pay interest on only the principal portion of such advance unless otherwise provided in the regulations of the Farmers Home Administration.

THE GOMEZ CO. - GENERAL PARTNERS  
2001 1/2 2nd Street, San Francisco, CA 94107

RECEIVED - 2-3-94 - SECURITY AGREEMENT

(-1-1b. list attached)

GOMEZ

174 6733

We acknowledge that the 'above Machinery and Equipment list is an attachment' to the 2-3-94 Security Agreement.

Jose P. Gomez  
JOSE P. GOMEZ

2/13/94  
DATE

Maria Gomez  
MARIA GOMEZ

2/13/94  
DATE

# **EXHIBIT C**

USDA-FmHA  
Form FmHA 440-4  
(Rev. 2/88)

SECURITY AGREEMENT  
(CHATTELS AND CROPS)

I. THIS SECURITY AGREEMENT, dated March 03, 1998, is made between the United States of America acting through the Farmers Home Administration (called Secured Party) and JOSE GOMEZ and MARIA GOMEZ (called Debtor), whose mailing address is POB 917 TONASKET, WA 98855-

II. BECAUSE Debtor is justly indebted to Secured Party as evidenced by one or more certain promissory note(s) or other instrument(s), and in the future may incur additional indebtedness to Secured Party which will also be evidenced by one or more promissory note(s) or other instrument(s), all of which are called "note", which has been executed by Debtor, is payable to the order of Secured Party, and authorizes acceleration of the entire indebtedness at the option of Secured Party upon any default by Debtor; and

The note evidences a loan to Debtor, and Secured Party at any time, may assign the note and insure the payment thereof to any extent authorized by the Consolidated Farm and Rural Development Act or any other act administered by the Farmers Home Administration and

It is the purpose and intent of this instrument that, among other things, at all times when the note is held by Secured Party, or in the event Secured Party should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder, this instrument shall not secure payment of the note or attach to the debt evidenced by the note, but as to the note and such debt shall constitute an indemnity security agreement to secure Secured Party against loss under its insurance contract by reason of any default by Debtor; and

NOW THEREFORE, in consideration of said loan(s) and (a) at all times when the note is held by Secured Party, or in the event Secured Party should assign this instrument without insurance of the payment of the note, to secure the prompt payment of all existing and future indebtedness and liabilities of Debtor to Secured Party and of all renewals and extensions of such indebtedness and any additional loans or future advances to Debtor before or after made or insured by Secured Party under the then existing provisions of the Consolidated Farm and Rural Development Act or any other act administered by the Farmers Home Administration all with interest, (b) at all times when the note is held by an insured holder, to secure performance of Debtor's agreement in this instrument to indemnify and save harmless Secured Party against loss under its insurance contract by reason of any default by Debtor, (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by Secured Party, with interest, as described in this instrument, and the performance of every covenant and agreement of Debtor contained in this instrument or in any supplementary agreement:

--DEBTOR GRANTS to Secured Party a security interest in Debtor's interest in the following collateral, including the proceeds and products thereof after this collateral:

Item 1. All crops, annual and perennial, and other plant products now planted, growing or grown, or which are planted after this instrument is signed or otherwise become growing crops or other plant products (a) within the one-year period or any longer period of years permissible under State law, or (b) at any time after this instrument is signed if no fixed maximum period is prescribed by State law, on the following described real estate:

Farm(s) or Other Real Estate *Owner	Approximate No. of Acres	County and State	Approximate Distance and Direction from a Named Town or other Description
NE 1/4 OF S 22, T 38 N, R 27.-ASCS #1084	20	OKANOGAN, WA	
-ASCS #1691	1	OKANOGAN, WA	7 miles N of Tonasket on H Hwy 7

Including all peanut and tobacco poundage allotments existing on or leased and transferred or to be leased and transferred to the above described farms as well as any proceeds derived from the conveyance or lease and transfer by the debtors to any subsequent party.

\*Owner shown in related Financing Statement, except if informed of ownership change show reputed new owner.

Item 2. All farm and other equipment (except small tools and small equipment such as hand tools, power lawn mowers and other items of like type unless described below), and inventory, now owned or hereafter acquired by Debtor, together with all replacements, substitutions, additions, and accessions thereto, including but not limited to the following:

Line No.	Quantity	Kind	Manufacturer	Size and Type	Condition	Year of manufac-ture	Serial or Motor No.
001	1	BIN FORK	RANKIN	1200#	Good		
002	1	MOWER	UNKNOWN	5 FT, PTO	Fair		
003	1	PICK-UP, DIESEL	CHEV	1/2T, 2WHL	Fair	1974	VINCCZ148J153756
004	1	TRACTOR - DIESEL	JOHN DEERE	1140N	Good	1984	433285
005	1	TRAILER	HOME MADE - SGL AXLE	6' X 20'	Poor		
006	1	WEED SPRAYER	Turbo Mist	200 gl	Good		WS 104020
007	1	SPRAYER	Turbo-mist	400 gl	Good	1990	524p4098
008	1	BIN LIFT	Cosmag/Sigma	2 bin	Good	1994	6734
010	1	WIND MACHINE	Orchard Rite		Good	1994	
011	9	ALUMINUM LADDERS		10', 12'	Good	1993	
012	1	BACK BLADE	Woods	6'	Good		
013	1	MOWER	WOODS D080	6'	Good	1996	587088

Any fixture described above is affixed or is to be affixed to the real estate described in Item 1 of this instrument.

Item 3. All livestock (except livestock and poultry kept primarily for subsistence purposes), fish, bees, birds, furbearing animals, other animals produced or used for commercial purposes, other farm products, and supplies, now owned or hereafter acquired by Debtor, together with all increases, replacements, substitutions, and additions thereto, including but not limited to the following:

Line No.	Quantity	Kind-Sex	Breed	Color	Weight, average weight	Age or age Range	Brands or other identification
-----	-----	-----	-----	-----	-----	-----	-----

Item 4. All accounts, contract rights and general intangibles, as follows:

All accounts, general intangibles, gross receipts, including co-op retains equities and revolving funds derived from or related to debtor's farmland or farming operation.

III. DEBTOR WARRANTS, COVENANTS, AND AGREES THAT:

A. Debtor is the absolute and exclusive owner of the above-described collateral, and any marks or brands used to describe livestock are the holding brands and carry the title, although the livestock may have other marks or brands, and such collateral is free from all liens, encumbrances, security and other interests except (1) any existing liens, encumbrances, security or other interests in favor of Secured Party which shall remain in full force and effect, (2) any applicable landlord's statutory liens, and (3) other liens, encumbrances, security or other interests, as follows:

and Debtor will defend the collateral against the claims and demands of all other persons. Reference to the above liens, encumbrances, security and other interests is for warranty purposes only and does not indicate their priority.

B. Statements contained in Debtor's loan application(s) are true and correct; and Debtor will (1) use the loan funds for the purposes for which they were or are advanced, (2) comply with such farm and home management plans as may be agreed upon from time to time by Debtor and Secured Party, (3) care for and maintain the collateral in a good and husbandlike manner, (4) insure the collateral in such amounts and manner as may be required by Secured Party, and if Debtor fails to do so, Secured Party, at its option, may procure such insurance, (5) permit Secured Party to inspect the collateral at any reasonable time, (6) not abandon the collateral or encumber, conceal, remove, sell or otherwise dispose of it or of any interest in the collateral, or permit others to do so, without the prior written consent of Secured Party, and (7) not permit the collateral to be levied upon, injured or destroyed, or its value to be impaired, except by using harvested crops in amounts necessary to care for livestock covered by this instrument.

C. Debtor will pay promptly when due all (1) indebtedness evidenced by the note and any indebtedness to Secured Party secured by this instrument, (2) rents, taxes, insurance premiums, levies, assessments, liens, and other encumbrances, and costs of liens searches and maintenance and other charges now or later attaching to, levied on, or otherwise pertaining to the collateral or this security interest, (3) filing or recording fees for instruments necessary to perfect, continue, service, or terminate this security interest, and (4) fees and other charges now or later required by regulations of the Farmers Home Administration. At all times when the note is held by an insured holder, Debtor shall continue to make payments on the note to Secured Party, as collection agent for the holder.

D. If the note is insured by Secured Party, Debtor will indemnify and save harmless Secured Party against any loss by reason of any default by Debtor.

E. At all times when the note is held by an insured holder, any amount due and unpaid under the terms of the note to which the holder is entitled may be paid by Secured Party to the holder of the note for the account of Debtor. Any amount due and unpaid under the terms of the note, whether it is held by Secured Party or by an insured holder, may be credited by Secured Party on the note and thereupon shall constitute an advance by Secured Party for the account of Debtor. Any advance by Secured Party as described in this paragraph shall bear interest at the note rate from the date on which the amount of the advance was due to the date of payment to Secured Party, provided that Borrower shall be required to pay interest on only the principal portion of such advance unless otherwise provided in the regulations of the Farmers Home Administration.

F. Whether or not the note is insured by Secured Party, Secured Party may at any time pay any other amounts required in this instrument to be paid by Debtor and not paid when due, including any costs and expenses for the preservation or protection of the collateral or this security interest, as advances for the account of Debtor. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

G. All advances by Secured Party as described in this instrument, with interest, shall be immediately due and payable by Debtor to Secured Party without demand at the place designated in the latest note and shall be secured by this instrument. No such advance by Secured Party shall relieve Debtor from breach of the covenant to pay. Any payment made by Debtor may be applied on the note or any indebtedness to Secured Party secured hereby, in any order Secured Party determines.

H. In order to secure or better secure the above-mentioned obligations or indebtedness, Debtor will execute and deliver to Secured Party at any time, upon demand, such additional security instruments on such real and personal property as Secured Party may require.

## IV. IT IS FURTHER AGREED THAT:

A. Until default Debtor may retain possession of the collateral.

B. Default shall exist under this instrument if Debtor fails to perform or discharge any obligation or to pay promptly any indebtedness secured by this instrument or to observe or perform any covenants or agreements in this instrument or in any supplementary agreement contained, or if any of Debtor's representations or warranties herein prove false or misleading, or upon the death or incompetency of the parties named as Debtor, or upon the bankruptcy or insolvency of anyone of the parties named as Debtor. Default shall also exist if any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M. Upon any such default.

1. Secured Party, at its option, with or without notice as permitted by law, may (a) declare the unpaid balance on the note and any indebtedness secured by this instrument immediately due and payable, (b) enter upon the premises and cultivate and harvest crops, take possession of, repair, improve, use, and operate the collateral or make equipment unusable, for the purpose of protecting or preserving the collateral or this Lien, or preparing or processing the collateral for sale, and (c) exercise any sale or other rights accorded by law.

2. Debtor (a) agrees to assemble the collateral and make it available to Secured Party at such time(s) and place(s) as designated by Secured Party, and (b) waives all notices, exemptions, compulsory disposition and redemption rights.

3. A default shall exist under any other security instrument held or insured by Secured Party and executed or assumed by Debtor on real or personal property. Likewise, default under such other security instrument shall constitute default under this instrument.

C. Proceeds from disposition of collateral shall be applied first on expenses of retaking, holding, preparing for sale, selling and the like and for payment of reasonable attorneys' fees and legal expenses incurred by Secured Party, second to the satisfaction of prior security interests or liens to the extent required by law and in accordance with current regulations of the Farmers Home Administration, third to the satisfaction of indebtedness secured by this instrument, fourth to the satisfaction of subordinate security interests to the extent required by law, fifth to any other obligations of Debtor owing to or insured by Secured Party, and sixth to Debtor. Any proceeds collected under insurance policies shall be applied first on advances and expenditures made by Secured Party, with interest, as provided above, second on the debt evidenced by the note, unless Secured Party consents in writing to their use by Debtor under Secured Party's direction for repair or replacement of the collateral, third on any other obligation of Debtor owing to or insured by Secured Party, and any balance shall be paid to Debtor unless otherwise provided in the insurance policies. Debtor will be liable for any deficiency owed to Secured Party after such disposition of proceeds of the collateral and insurance.

D. It is the intent of Debtor and Secured Party that to the extent permitted by law and for the purpose of this instrument, no collateral covered by this instrument is or shall become realty or accessioned to other goods.

E. This instrument is subject to the present regulations of the Secured Party and to its future regulations not inconsistent with the express provisions of this instrument.

F. If any provision of this instrument is held invalid or unenforceable, it shall not affect any other provisions, but this instrument shall be construed as if it had never contained such invalid or unenforceable provision.

G. The rights and privileges of Secured Party under this instrument shall accrue to the benefit of its successors and assigns. All covenants, warranties, representations, and agreements of Debtor contained in this instrument are joint and several and shall bind personal representatives, heirs, successors, and assigns.

H. If at any time it shall appear to Secured Party that Debtor may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Debtor will, upon Secured Party's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured by this instrument and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

I. Secured Party shall have the sole and exclusive rights as the secured party under this instrument, including but not limited to the power to grant or issue any consent, release, subordination, continuation statement or termination statement, and no insured holder shall have any right, title, or interest in or to the security interest created by this instrument or any benefits of it.

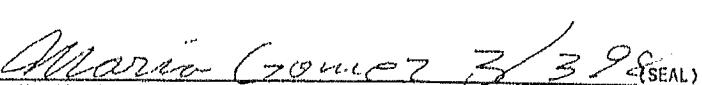
J. SECURED PARTY HAS INFORMED DEBTOR THAT DISPOSAL OF PROPERTY COVERED BY THIS SECURITY AGREEMENT WITHOUT THE CONSENT OF SECURED PARTY, OR MAKING ANY FALSE STATEMENT IN THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT, MAY CONSTITUTE A VIOLATION OF FEDERAL CRIMINAL LAW.

K. Failure by the Secured Party to exercise any right-whether once or often--shall not be construed as a waiver of any covenant or condition or of the breach of such covenant or condition. Such failure shall also not affect the exercise of such right without notice upon any subsequent breach of the same or any other covenant or condition.

  
JOSE X. GOMEZ

(SEAL)

(Debtor)

  
MARIA GOMEZ

(SEAL)

# **EXHIBIT D**

1. DEBTOR(S) (see instruction #2)

PERSONAL (last, first, middle name and address) SSN: 554-98-5557

BUSINESS (legal business name and address) FEIN: \_\_\_\_\_

GOMEZ, Jose P.  
GOMEZ, Maria  
PO Box 917  
Tonasket, WA 98855

Debtor 1  
SSN: 539-02-8736  
FEIN: \_\_\_\_\_

2. FOR OFFICE USE ONLY - DO NOT WRITE IN THIS BOX

FILED 8:00 AM

99 FEB 16

99-047-0379

DEPT. OF  
OLYMPIA

TRADE NAME, DBA, AKA:

3. SECURED PARTY(IES) (name and address)

UNITED STATES OF AMERICA acting through  
UNITED STATES DEPARTMENT OF AGRICULTURE  
1251 S 2ND ROOM 103  
OKANOGAN WA 98840

4. ASSIGNEE(S) of SECURED PARTY(IES) if applicable (name and address)

5. SECURED PARTY CONTACT PERSON: STUART C. SKIDMORE

PHONE: (509) 422-2767

6. CHECK ONLY IF APPLICABLE: (For definitions of TRANSMITTING UTILITY AND PRODUCTS OF COLLATERAL, see instruction sheet.)

Debtor is a Transmitting Utility  Products of Collateral are also covered

7. THIS FINANCING STATEMENT covers the following collateral: (Attach additional 8-1/2" x 11" sheet(s) if needed.)

Crops, livestock, supplies, other farm products, and farm and other equipment.  
All accounts, general intangibles, gross receipts, including co-op retains, equities  
and revolving funds derived from or related to debtor's farmland or farming activities.

8. RETURN ACKNOWLEDGE COPY TO: (name and address)

9. FILE WITH:

UNIFORM COMMERCIAL CODE  
DEPARTMENT OF LICENSING  
P.O. BOX 9660  
OLYMPIA, WA 98507-9660  
(206) 753-2523

MAKE CHECKS PAYABLE TO THE  
DEPARTMENT OF LICENSING

10. FOR OFFICE USE ONLY IMAGES TO  
BE FILMED

11. If collateral is described below, this statement may be signed by the Secured Party instead of the Debtor. Please check the appropriate box, complete the adjacent lines and box 13, if collateral is:

a.  already subject to a security interest in another jurisdiction when it was brought into this state  
or when the debtor's location was changed to this state. (complete adjacent lines 1 and 2)  
b.  proceeds of the original collateral described above in which a security interest was

1. 94-038-1087

ORIGINAL FILING NUMBER

2. DEPARTMENT OF LICENSING

3. FILING OFFICE WHERE FILED

4. FORMER NAME OF DEBTOR(S)

12. DEBTOR(S) NAME(S) AND SIGNATURE(S):

13. SECURED PARTY NAME(S) AND SIGNATURE(S) ARE REQUIRED IF

BOX 11 HAS BEEN COMPLETED

UNITED STATES OF AMERICA acting through

UNITED STATES DEPARTMENT OF AGRICULTURE

TYPE NAME(S) OF SECURED PARTY(IES) as it appears in box 3 or 4

TYPE NAME(S) OF DEBTOR(S) AS IT APPEARS IN BOX 1.

SIGNATURE(S) OF DEBTORS

SIGNATURE(S) OF DEBTORS

SIGNATURE(S) OF SECURED PARTY(IES)

SIGNATURE(S) OF SECURED PARTY(IES)

FORM APPROVED FOR USE IN THE STATE OF WASHINGTON (R/7/93)  
WASHINGTON UCC-1

COPY 1 - FILING OFFICE

# **EXHIBIT E**

## UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

## A. NAME &amp; PHONE OF CONTACT AT FILER (optional)

STUART C. SKIDMORE (509) 422-3292

## B. SEND ACKNOWLEDGMENT TO: (Name and Address)

 USDA - FARM SERVICE AGENCY

1251 S 2ND ROOM 103

1032493

091003 13.28

 OKANOGAN

WA 98840

## THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

## 1a. INITIAL FINANCING STATEMENT FILE #

99-047-0379

2-16-1999

1b. This FINANCING STATEMENT AMENDMENT is  
 to be filed (or record) (or recorded) in the  
REAL ESTATE RECORDS.

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.4.  ASSIGNMENT (full or partial): Give name of assignee in Item 7a or 7b and address of assignee in Item 7c; and also give name of assignor in Item 9.5. AMENDMENT (PARTY INFORMATION): This Amendment affects  Debtor or  Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in Items 6 and/or 7.

 CHANGE name and/or address: Give current record name in Item 8a or 8b; also give new name (if name change) in Item 7a or 7b and/or new address (if address change) in Item 7c.  DELETE name: Give record name to be deleted in Item 8a or 8b.  ADD name: Complete Item 7a or 7b, and also Item 7c; also complete Items 7d-7g (if applicable).

## 6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME

OR 6b. INDIVIDUAL'S LAST NAME  
GOMEZFIRST NAME  
JOSE & MARIA

MIDDLE NAME

SUFFIX

## 7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

OR 7b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

7c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

7d. TAX ID #: SSN OR EIN  ADD'L INFO RE  
ORGANIZATION  
DEBTOR

7e.

TYPE OF ORGANIZATION

7f. JURISDICTION OF ORGANIZATION

7g. ORGANIZATIONAL ID #, if any

 NONE

## 8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

"CROPS, LIVESTOCK, SUPPLIES, FARM PRODUCTS, AND FARM AND OTHER EQUIPMENT. ALL ACCOUNTS, GENERAL INTANGIBLES, INCLUDING, BUT NOT LIMITED TO, ALL DEBTOR'S RIGHTS DERIVED FROM DEBTOR'S PARTICIPATION IN AN AGRICULTURE COOPERATIVE (SUCH AS CO-OP RETAINS, EQUITIES AND REVOLVING FUNDS) AND ALL DEBTOR'S RIGHTS TO PAYMENTS DERIVED FROM PRESENT OR FUTURE GOVERNMENT FARM PROGRAMS, CONTRACTS, OR SUBSIDIES."

S22, 23-T38N-R27 EWM.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME

OR 9b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

## 10. OPTIONAL FILER REFERENCE DATA

JOSE &amp; MARIA GOMEZ

# **EXHIBIT F**

## UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

## A. NAME &amp; PHONE OF CONTACT AT FILER (optional)

STUART C. SKIDMORE

(509) 422-3292

## B. SEND ACKNOWLEDGMENT TO: (Name and Address)

USDA FARM SERVICE AGENCY

1251 S 2ND ROOM 103

OKANOGAN

WA

98840

Revenue Tracking Number  
1 2 0 2 7 0 4

101408 115.00

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

## 1a. INITIAL FINANCING STATEMENT FILE #

99-047-0379

2-16-1999

1b. This FINANCING STATEMENT AMENDMENT is  
to be filed (or record) (or recorded) in the  
REAL ESTATE RECORDS.2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.3.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.4.  ASSIGNMENT (full or partial): Give name of assignee in Item 7a or 7b and address of assignee in Item 7c; and also give name of assignor in Item 9.5. AMENDMENT (PARTY INFORMATION): This Amendment affects  Debtor or  Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in Items 6 and/or 7.

CHANGE name and/or address: Give current record name in Item 6a or 6b; also give new name (if name change) in Item 7a or 7b and/or new address (if address change) in Item 7c.  DELETE name: Give record name to be deleted in Item 6a or 6b.  ADD name: Complete Item 7a or 7b, and also Item 7c; also complete Items 7d-7g (if applicable).

## 6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME

OR 6b. INDIVIDUAL'S LAST NAME GOMEZ FIRST NAME JOSE &amp; MARIA MIDDLE NAME SUFFIX

## 7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

OR 7b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

7d. TAX ID #: SSN OR EIN ADD'L INFO RE 7e. TYPE OF ORGANIZATION 7f. JURISDICTION OF ORGANIZATION 7g. ORGANIZATIONAL ID #, if any  NONE

## 8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral  deleted or  added, or give entire  restricted collateral description, or describe collateral  assigned.

\*CROPS, LIVESTOCK, SUPPLIES, FARM PRODUCTS, AND OTHER EQUIPMENT. ALL ACCOUNTS, GENERAL INTANGIBLES, INCLUDING, BUT NOT LIMITED TO, ALL DEBTOR'S RIGHTS DERIVED FROM DEBTOR'S PARTICIPATION IN AN AGRICULTURE COOPERATIVE (SUCH AS CO-OP RETAINS, EQUITIES AND REVOLVING FUNDS) AND ALL DEBTOR'S RIGHTS TO PAYMENTS DERIVED FROM PRESENT OR FUTURE GOVERNMENT FARM PROGRAMS, CONTRACTS, OR SUBSIDIES.\*

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this Amendment.

8a. ORGANIZATION'S NAME

OR 9b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

10. OPTIONAL FILER REFERENCE DATA  
JOSE & MARIA GOMEZ

# EXHIBIT G

## UCC FINANCING STATEMENT AMENDMENT

## FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Sandra Hinger 5094223292</b>
B. E-MAIL CONTACT AT FILER (optional) <b>sandy.hinger@wa.usda.gov</b>
C. SEND ACKNOWLEDGMENT TO: (Name and Address)  <b>Sandra Hinger 5094223292 Farm Service Agency 1251 S 2nd Ave Suite 103 Okanogan WA 98840 9723</b>

Date of Filing : 12/05/2013  
 Time of Filing : 01:03:00 PM  
 File Number : 2013-339-6848-1  
 Lapse Date : 02/16/2019

## THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER <b>99-047-0379</b>	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: <u>attach Amendment Addendum (Form UCC3Ad)</u> and provide Debtor's name in Item 13				
2. <input type="checkbox"/> TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement					
3. <input type="checkbox"/> ASSIGNMENT (full or partial): Provide name of Assignee in Item 7a or 7b, and address of Assignee in Item 7c and name of Assignor in Item 9 For partial assignment, complete items 7 and 9 and also indicate affected collateral in Item 8					
4. <input checked="" type="checkbox"/> CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law					
5. <input type="checkbox"/> PARTY INFORMATION CHANGE:  Check <u>one</u> of these two boxes: AND Check <u>one</u> of these three boxes to: This Change affects <input type="checkbox"/> Debtor or <input type="checkbox"/> Secured Party of record <input type="checkbox"/> CHANGE name and/or address: Complete <input type="checkbox"/> Item 6a or 6b; and Item 7a or 7b and Item 7c <input type="checkbox"/> ADD name: Complete Item 7a or 7b, and Item 7c <input type="checkbox"/> DELETE name: Give record name <input type="checkbox"/> to be deleted in Item 6a or 6b					
6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only <u>one</u> name (6a or 6b) 6a. ORGANIZATION'S NAME					
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only <u>one</u> name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) 7a. ORGANIZATION'S NAME					
OR	7b. INDIVIDUAL'S SURNAME	INDIVIDUAL'S FIRST PERSONAL NAME	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX		
7c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
8. <input type="checkbox"/> COLLATERAL CHANGE: Also check <u>one</u> of these four boxes: <input type="checkbox"/> ADD collateral <input type="checkbox"/> DELETE collateral <input type="checkbox"/> RESTATE covered collateral <input type="checkbox"/> ASSIGN collateral Indicate collateral:					

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME <b>USDA FARM SERVICE AGENCY</b>				
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. OPTIONAL FILER REFERENCE DATA:

# **EXHIBIT H**

**USDA-FmHA**  
Form FmHA 1940-17  
(Rev. 4-92)

## PROMISSORY NOTE

Name JOSE P. GOMEZ and MARIA GOMEZ	
State WASHINGTON	County OKANOGAN
Case No. 56-24-----	Date 6/29/95
Fund Code 41	Loan No. 03

<b>KIND OF LOAN</b>	
Type: <u>FP</u>	<input type="checkbox"/> Regular <input type="checkbox"/> Limited <input type="checkbox"/> Resource
Pursuant to:	
<input type="checkbox"/> Consolidated Farm & Rural Development Act <input type="checkbox"/> Emergency Agricultural Credit Adjustment Act of 1978	
<b>ACTION REQUIRING NOTE</b>	
<input type="checkbox"/> Initial loan <input type="checkbox"/> Subsequent loan <input type="checkbox"/> Consolidated & subsequent loan <input type="checkbox"/> Consolidation <input type="checkbox"/> Conservation easement	<input type="checkbox"/> Rescheduling <input type="checkbox"/> Reamortization <input type="checkbox"/> Credit sale <input type="checkbox"/> Deferred payments <input type="checkbox"/> Debt write down

FOR VALUE RECEIVED, the undersigned Borrower and any cosigners jointly and severally promise to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture,

(herein called the "Government"), or its assigns, at its office in O KANOGAN, WASHINGTON

\_\_\_\_\_, or at such other place as the Government may later designate in writing, the principal sum of  
NINETY-EIGHT THOUSAND DOLLARS AND NO/100----- dollars  
(\$ 98,000.00 ), plus interest on the unpaid principal balance at the RATE of  
EIGHT percent (8.0 %) per annum and

of Noncapitalized interest. If this note is for a Limited Resource loan (indicated in the "Kind of Loan" box above) the Government may **CHANGE THE RATE OF INTEREST**, in accordance with regulations of the Farmers Home Administration, not more often than quarterly, by giving the Borrower thirty (30) days prior written notice by mail to the Borrower's last known address. The new interest rate shall not exceed the highest rate established in regulations of the Farmers Home Administration for the type of loan indicated above.

Principal and interest shall be paid in 41 installments as indicated below, except as modified by a different rate of interest, on or before the following dates:

\$ 8,220.00 on 11/01/96 ; \$ on ;  
\$ on ; \$ on ;

and \$ 8,220.00 thereafter on FIRST of each NOVEMBER until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable 40 years from the date of this note, and except that prepayments may be made as provided below. The consideration for this note shall also support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan funds shall be advanced to the Borrower as requested by Borrower and approved by the Government. Approval by the Government will be given provided the advance is requested for a purpose authorized by the Government. Interest shall accrue on the amount of each advance from its actual date as shown in the Record of Advances at the end of this note. Borrower authorizes the Government to enter the amount(s) and date(s) of such advance(s) in the Record of Advances.

For each rescheduled, reamortized or consolidated note for applications for Primary and Preservation Loan Service Programs received prior to November 28, 1990, interest accrued to the date of this instrument which is more than 90 days overdue shall be added to principal and such new principal shall accrue interest at the rate evidenced by this instrument. For applications for Primary and Preservation Loan Service Programs received on or after November 28, 1990, all unpaid interest accrued to the date of this instrument shall be added to the principal and such new principal shall accrue interest at the rate evidenced by this instrument.

Every payment made on any indebtedness evidenced by this note shall be applied first to a portion of any interest which accrues during the deferral period, second to accrued interest to the date of the payment on the note account and then to the principal. Nonprogram loans are not eligible for deferral.

Prepayments of scheduled installments, or any portion of these installments, may be made at any time at the option of the Borrower. Refunds and extra payments, as defined in the regulations (7 CFR §1951.8) of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the last installments to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled in this note.

If the Government at any time assigns this note and insures the payment of it, Borrower shall continue to make payments to the Government as collection agent for the holder. While this note is held by an insured holder, prepayments made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on an installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between such date and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection of this note or to preserve or protect any security for the loan or otherwise expended under the terms of any security agreement or other instrument executed in connection with the loan evidenced by this note, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced by this note and be immediately due and payable by Borrower to the Government without demand.

Property constructed, improved, purchased, or refinanced in whole or in part with the loan evidenced by this note shall not be leased, assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government. Unless the Government consents otherwise in writing, Borrower will operate such property as a farm if this is a Farm Ownership loan.

If "Consolidation and subsequent loan," "Debt write down," "Consolidation," "Rescheduling," or "Reamortization" is indicated in the "Action Requiring Note" block above, this note is given to consolidate, reschedule or reamortize, but not in satisfaction of the unpaid principal and interest on the following described note(s) or assumption agreement(s)(new terms):

FUND CODE/ LOAN NO.	FACE AMOUNT	INT. RATE	DATE	ORIGINAL BORROWER	LAST INSTALL. DUE
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19

Security instruments taken in connection with the loans evidenced by these described notes and other related obligations are not affected by this consolidating, rescheduling or reamortizing. These security instruments shall continue to remain in effect and the security given for the loans evidenced by the described notes shall continue to remain as security for the loan evidenced by this note, and for any other related obligations.

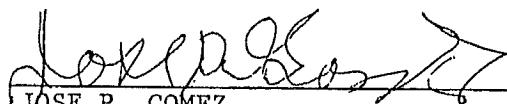
**REFINANCING (GRADUATION) AGREEMENT:** If at any time it shall appear to the Government that the Borrower may be able to obtain financing from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept a loan(s) in sufficient amount to pay this note in full and, if the lender is a cooperative, to pay for any necessary stock. The provisions of this paragraph do not apply if the loan represented by this promissory note was made to the Borrower as a non-program loan.

**HIGHLY ERODIBLE LAND AND WETLAND CONSERVATION AGREEMENT:** Borrower recognizes that the loan described in this note will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity as further explained in 7 CFR Part 1940, Subpart G, Exhibit M. If (1) the term of the loan exceeds January 1, 1990, but not January 1, 1995, and (2) Borrower intends to produce an agricultural commodity on highly erodible land that is exempt from the restrictions of Exhibit M until either January 1, 1990, or two years after the Soil Conservation Service (SCS) has completed a soil survey for the Borrower's land, whichever is later, the Borrower further agrees that, prior to the loss of the exemption from the highly erodible land conservation restrictions found in 7 CFR Part 12, Borrower must demonstrate that Borrower is actively applying on that land which has been determined to be highly erodible, a conservation plan approved by the SCS or the appropriate conservation district in accordance with SCS's requirements. Furthermore, if the term of the loan exceeds January 1, 1995, Borrower further agrees that Borrower must demonstrate prior to January 1, 1995, that any production of an agricultural commodity on highly erodible land after that date will be done in compliance with a conservation system approved by SCS or the appropriate conservation district in accordance with SCS's requirements.

**DEFAULT:** Failure to pay when due any debt evidenced by this note or perform any covenant of agreement under this note shall constitute default under this and any other instrument evidencing a debt of Borrower owing to, insured or Guaranteed by the Government or securing or otherwise relating to such debt; and default under any such other instrument shall constitute default under this note. **UPON ANY SUCH DEFAULT**, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

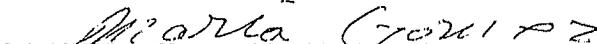
This Note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act, or the Emergency Agricultural Credit Adjustment Act of 1978 and for the type of loan as indicated in the "Kind of Loan" block above. This Note shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions of this note.

Presentment, protest, and notice are waived.

  
JOSE P. GOMEZ

(Borrower)

(SEAL)

  
MARIA GOMEZ

(Borrower)

"The term Farmers Home Administration (FmHA) includes the successor agencies thereto."

P.O. BOX 917

TONASKET, WA 98855

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE	AMOUNT	DATE
\$		\$		\$	
\$		\$		\$	
\$		\$		\$	
\$		\$		\$	
				TOTAL	
				\$	

# EXHIBIT I

95 JUL 13 AM 10:47

REEL 134 PAGE 1574

OKANOGAN COUNTY AUDITOR

OKANOGAN, WA

THIS MORTGAGE is made and entered into by \_\_\_\_\_

JOSE P. GOMEZ and MARIA GOMEZ, HUSBAND AND WIFE

residing in OKANOGAN County, Washington, whose post office address is

P.O. BOX 917

TONASKET

, Washington, 98855

herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory note(s) or assumption agreement(s), herein called "note," or any shared appreciation agreement or recapture agreement, which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
6- 29 -1995	98,000.00	8.0%	January 01-2036  <del>DIRECT</del> <del>POLYGRAPH</del> <del>RECORDED</del> <del>SEARCHED</del>

(The interest rate for limited resource farm ownership or limited resource operating loan(s) secured by this instrument may be increased as provided in the Farmers Home Administration regulations and the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act, or Title V of the Housing Act of 1949, or any other statute administered by the Farmers Home Administration.

And it is the purpose and intent of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder, this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity mortgage to secure the Government against loss under its insurance contract by reason of any default by Borrower;

And this instrument also secures the recapture of any deferred principal and interest or of any interest credit and subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §§ 1472(g) or 1490a, respectively, or any amount due under any Shared Appreciation/Recapture Agreement entered into pursuant to 7 U.S.C. § 2001.

NOW, THEREFORE, in consideration of the loan(s) and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against loss under its insurance contract by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby grant, bargain, sell, convey, mortgage, and assign with general warranty unto the Government the following property situated in the State of Washington,

County(ies) of OKANOGAN :

830380

839380

VOL 134 PAGE 1575

SEE ATTACHED EXHIBIT "A" FOR LEGAL DESCRIPTION AND EXCEPTIONS TO TITLE.

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues, and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to irrigation equipment, milking equipment, grain bins, ranges, refrigerators, clothes washers, clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein-all of which are herein called "the property";

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Government, as collection agent for the holder.

(2) To pay the Government such fees and other charges as may now or hereafter be required by regulations of the Farmers Home Administration.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of the Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described by this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.

(12) Except as otherwise provided by the Farmers Home Administration regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien, and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be declared a bankrupt or an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future laws.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future laws, (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (b) prescribing any other statute of limitations, (c) allowing any right of redemption or possession following any foreclosure sale or (d) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State laws.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, national origin, handicap, familial status or age, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, national origin, handicap, familial status or age.

(21) Borrower further agrees that the loan(s) secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.

(22) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to future regulations of the United States Department of Agriculture not inconsistent with the express provisions of this mortgage.

830380

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to Farmers Home Administration at Wenatchee, Washington 98801, and in the case of Borrower at the address shown in the Farmers Home Administration Finance Office records (which normally will be the same as the post office address shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

WITNESS the hand(s) of Borrower this 29th day of JUNE, 19 95.

"The term Farmers Home Administration (FmHA) includes the successor agencies thereto."

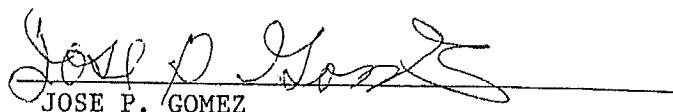
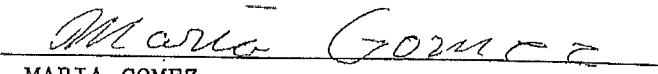
 

STATE OF WASHINGTON

COUNTY OF OKANOGAN

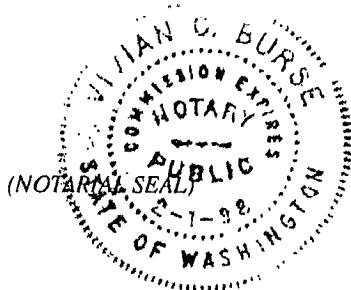
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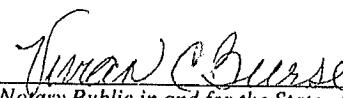
#### ACKNOWLEDGMENT

  
JOSE P. GOMEZ  
  
MARIA GOMEZ

On this day personally appeared before me the within-named JOSE P. GOMEZ and MARIA GOMEZ, to me known to be the individual(s) described in and who executed the within and foregoing instrument and acknowledged that they signed the same their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29th day of JUNE, 19 95.



  
Vivian C. Burse  
Notary Public in and for the State of Washington,

Residing at TONASKET

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## EXHIBIT "A"

Beginning at the center of the Northeast quarter of Section 22, Township 38 North, Range 27, E.W.M., thence run South 680.0 feet, thence run West to the State Highway right of way, as located in 1951, thence Northeasterly along said highway right of way to the intersection with the North line of the Southwest quarter of the Northeast quarter of said Section 22, thence run East along said North line to the point of beginning. LESS the highway right of way.

The East 1000.0 feet of the North 495.0 feet of the Southeast quarter of the Northeast quarter of Section 22, and the North 825.0 feet of Government Lot 2 of Section 23, all in Township 38 North, Range 27, E.W.M.

The South half of the Northeast quarter of the Northeast quarter of Section 22, and that portion of Government Lot 1, Section 23, lying East of the said South half of the Northeast quarter of the Northeast quarter of Section 22. All in Township 38 North, Range 27, E.W.M., LESS the highway right of way.

The West 320.0 feet of the North 495.0 feet of the Southeast quarter of the Northeast quarter of Section 22, Township 38 North, Range 27, E.W.M.

ALL IN OKANOGAN COUNTY, WASHINGTON.

EXCEPT from the above described the following tract:

A portion of the Northeast quarter of Section 22, and a portion of Government Lots 1 and 2 of Section 23, all in Township 38 North, Range 27, E.W.M., described as follows:

Commencing at the Northwest corner of the said Northeast quarter, a 2" aluminum cap monument, from which the Northwest corner of said Section 22, bears S. 89 deg. 54' 56" W., 2644.75 feet; Thence N. 89 deg. 59' 09" E., along the North line of said Northeast quarter for a distance of 2644.88 feet to the Northeast corner of said Northeast quarter of Section 22. Thence S. 00 deg. 04' 00" W., along the East line of said Northeast quarter for a distance of 660.0 feet to the Northeast corner of the South half of the Northeast quarter of the Northeast quarter of said Section 22, and the TRUE POINT OF BEGINNING.

Thence run S. 89 deg. 58' 46" W., along the North line of said South half of Northeast quarter of the Northeast quarter, for a distance of 607.63 feet to an extension of an existing fenceline.

Thence S. 02 deg. 01' 14" E., for a distance of 813.21 feet;

Thence S. 49 deg. 26' 50" E., for a distance of 281.16 feet;

Thence S. 89 deg. 09' 23" E., for a distance of 452.26 feet;

Thence S. 11 deg. 04' 46" W., for a distance of 171.23 feet;

Thence S. 14 deg. 31' 13" W., for a distance of 221.69 feet to the West line of the said Government Lot 2, thence leaving said fenceline S. 00 deg. 04' 00" W., along said West line for a distance of 99.97 feet to the Southwest corner of the North 825.0 feet of said Government Lot 2 of Section 23. Thence S. 90 deg.

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EXHIBIT "A" - CONTINUED

00' 00" E., along the South line of said North 825.0 feet for a distance of 325.18 feet, more or less to the ordinary high water line on the right bank of the Okanogan River. Thence continue along said ordinary high water line along the following course:

N. 05 deg. 51' 22" W., for a distance of 146.81 feet;  
N. 05 deg. 08' 05" W., for a distance of 186.05 feet;  
N. 04 deg. 17' 33" W., for a distance of 198.71 feet;  
N. 04 deg. 51' 00" W., for a distance of 202.05 feet;  
N. 04 deg. 57' 01" W., for a distance of 110.73 feet;  
N. 13 deg. 33' 48" E., for a distance of 134.79 feet;  
N. 07 deg. 12' 51" W., for a distance of 196.79 feet;  
N. 06 deg. 36' 23" W., for a distance of 196.33 feet;

N. 05 deg. 03' 56" W., for a distance of 123.06 feet, more or less to the North line of the South half of said Government Lot 1; Thence leaving said ordinary high water line, N 90 deg. 00' 00" W., along said North line for a distance of 223.76 feet, more or less, to the TRUE POINT OF BEGINNING.

ALSO EXCEPTING an easement for ingress and egress, being a 30.0 foot wide strip of land, lying 30.0 feet North of and adjacent to the following described line: Commencing at the Northeast corner of said Northeast quarter of Section 22; Thence S. 00 deg. 04' 00" W., for a distance of 1815.00 feet, thence N. 89 deg. 58' 22" E., for a distance of 58.34 feet to existing fenceline, and the TRUE POINT OF BEGINNING. Thence S. 89 deg. 58' 22" W., for a distance of 1531.38 feet, more or less, to the Southeasterly right of way line of Okanogan County Road No. 9437, and the TERMINUS of this line.

"SUBJECT TO ALL VALID OUTSTANDING EASEMENTS, RIGHTS-OR-WAY, MINERAL LEASES, MINERAL RESERVATIONS, AND MINERAL CONVEYANCES OF RECORD".

"AND THE FOLLOWING DESCRIBED IRRIGATION SYSTEMS INCLUDING BUT NOT LIMITED TO THE FOLLOWING, INCLUDING ANY REPLACEMENT OF OR ADDITIONS TO SUCH SYSTEMS-- COMPLETE SPRINKLER SYSTEMS W/PUMPS, MAINS, SUB-MAINS, RISERS, SPRINKLERS, PLUGS, VALVES AND FITTINGS".

SEE NEXT PAGE FOR ADDITIONAL EXCEPTIONS TO TITLE.

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EXHIBIT "A" - CONTINUED

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SUBJECT TO THE FOLLOWING:

1. LIABILITY FOR FUTURE ASSESSMENTS OR CHARGES BY THE OROVILLE-TONASKET IRRIGATION DISTRICT.
2. RESERVATION CONTAINED IN DEED TO ROY VISSER AND WIFE, FOR THE EAST 1000 FEET OF THE NORTH 495 FEET OF THE SENE OF SECTION 22, AND THE NORTH 825 FEET OF LOT 2 OF SECTION 23, BY RICHARD JOHNSON AND WIFE, WHEREIN GRANTOR RESERVE THE RIGHT TO WATER FOR DOMESTIC PURPOSES FROM A WELL LOCATED APPROXIMATELY 6 FEET INSIDE THE NORTH LINE OF SAID TRACT, AND RIGHT OF WAY FOR PIPE LINE FROM SAID WELL AND FOR POWER LINE TO SAID WELL, AS RECORDED IN VOLUME 129 PAGE 75.
3. STATUTORY RESERVATIONS CONTAINED IN THE DEED FROM THE STATE OF WASHINGTON THROUGH WHICH TITLE TO THE SWNE OF SECTION 22, IS CLAIMED WHEREIN GRANTOR RESERVES ALL OILS, GASES, COAL, ORES, MINERALS AND FOSSILS, TOGETHER WITH RIGHT TO ENTER UPON SAID LANDS FOR THE PURPOSE OF MINING SAME, UPON PAYING TO THE OWNER OF SAID LANDS FULL PAYMENT FOR ALL DAMAGES SUSTAINED BY REASON OF SUCH ENTERING.
4. RIGHT OF WAY EASEMENT IN FAVOR OF THE PUBLIC UTILITY DISTRICT NO. 1 OVER THE NESWNE OF SECTION 22, AS GRANTED BY INSTRUMENT RECORDED IN BOOK 107 OF DEEDS, PAGE 119.
5. CONFIRMATION AND INDENTURE DEED DATED 2/20/1982 IN FAVOR OF THE UNITED STATES OF AMERICA FOR RESERVED RIGHTS OF WAY FOR WATER PIPE LINES AND CONDUITS AS RECORDED IN REEL 40 PAGE 587, UNDER FILE NO. 687275.
6. ACCESS EASEMENT 30 FEET WIDE AS SHOWN ON SURVEY RECORDED IN BOOK J OF SURVEYS, PAGE 110, FILE NO. 799062.

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# EXHIBIT J

831 47 293959

## REAL ESTATE MORTGAGE FOR WASHINGTON

135-70153

FILED FOR RECORD

95 JUL 27 PM 2:08

REEL 135 PAGE 153

OKANOGAN COUNTY AUDITOR  
OKANOGAN, WA

THIS MORTGAGE is made and entered into by \_\_\_\_\_

JOSE P. GOMEZ and MARIA GOMEZ, Husband and Wife

residing in OKANOGAN County, Washington, whose post office address is

P.O. BOX 917 Tonasket, Washington, 98855

herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory note(s) or assumption agreement(s), herein called "note," or any shared appreciation agreement or recapture agreement, which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
6-29-1995	98,000.00	6.5%	11-01-2036 <del>Indexed</del> <del>Direct</del> <del>Reverse</del> <del>Recorded</del> <del>Paged</del>

(The interest rate for limited resource farm ownership or limited resource operating loan(s) secured by this instrument may be increased as provided in the Farmers Home Administration regulations and the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act, or Title V of the Housing Act of 1949, or any other statute administered by the Farmers Home Administration.

And it is the purpose and intent of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder, this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity mortgage to secure the Government against loss under its insurance contract by reason of any default by Borrower;

And this instrument also secures the recapture of any deferred principal and interest or of any interest credit and subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §§ 1472(g) or 1490a, respectively, or any amount due under any Shared Appreciation/Recapture Agreement entered into pursuant to 7 U.S.C. § 2001.

NOW, THEREFORE, in consideration of the loan(s) and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against loss under its insurance contract by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby grant, bargain, sell, convey, mortgage, and assign with general warranty unto the Government the following property situated in the State of Washington,

County(ies) of OKANOGAN :

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FmHA 1927-1 WA (Rev. 3-94)

331047

SEE ATTACHED EXHIBIT "A" FOR LEGAL DESCRIPTION AND EXCEPTIONS TO TITLE.

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together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues, and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to irrigation equipment, milking equipment, grain bins, ranges, refrigerators, clothes washers, clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein-all of which are herein called "the property";

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Government, as collection agent for the holder.

(2) To pay the Government such fees and other charges as may now or hereafter be required by regulations of the Farmers Home Administration.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of the Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described by this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.

(12) Except as otherwise provided by the Farmers Home Administration regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien, and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. **HOWEVER**, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) **SHOULD DEFAULT** occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be declared a bankrupt or an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future laws.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future laws, (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (b) prescribing any other statute of limitations, (c) allowing any right of redemption or possession following any foreclosure sale or (d) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State laws.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, national origin, handicap, familial status or age, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, national origin, handicap, familial status or age.

(21) Borrower further agrees that the loan(s) secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.

(22) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to future regulations of the United States Department of Agriculture not inconsistent with the express provisions of this mortgage.

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(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to Farmers Home Administration at Wenatchee, Washington 98801, and in the case of Borrower at the address shown in the Farmers Home Administration Finance Office records (which normally will be the same as the post office address shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

WITNESS the hand(s) of Borrower this 29th day of JUNE, 19 95.

"The term Farmers Home Administration (FmHA) includes the successor agencies thereto."

JOSE P. GOMEZ

MARIA GOMEZ

STATE OF WASHINGTON

COUNTY OF OKANOGAN

} ss:

## ACKNOWLEDGMENT

On this day personally appeared before me the within-named JOSE P. GOMEZ AND MARIA GOMEZ

, to me known to be the individual(s) described in and who executed the within and foregoing instrument and acknowledged that they signed the same their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 29th day of JUNE, 19 95.



Vivian C. Burse  
Notary Public in and for the State of Washington,

VIVIAN C. BURSE

Residing at Tonasket

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EXHIBIT "A" - CONTINUED

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00' 00" E., along the South line of said North 825.0 feet for a distance of 325.18 feet, more or less to the ordinary high water line on the right bank of the Okanogan River. Thence continue along said ordinary high water line along the following course:

N. 05 deg. 51' 22" W., for a distance of 146.81 feet;  
 N. 05 deg. 08' 05" W., for a distance of 186.05 feet;  
 N. 04 deg. 17' 33" W., for a distance of 198.71 feet;  
 N. 04 deg. 51' 00" W., for a distance of 202.05 feet;  
 N. 04 deg. 57' 01" W., for a distance of 110.73 feet;  
 N. 13 deg. 33' 48" E., for a distance of 134.79 feet;  
 N. 07 deg. 12' 51" W., for a distance of 196.79 feet;  
 N. 06 deg. 36' 23" W., for a distance of 196.33 feet;  
 N. 05 deg. 03' 56" W., for a distance of 123.06 feet, more or less to the North line of the South half of said Government Lot 1; Thence leaving said ordinary high water line, N 90 deg. 00' 00" W., along said North line for a distance of 223.76 feet, more or less, to the TRUE POINT OF BEGINNING.

ALSO EXCEPTING an easement for ingress and egress, being a 30.0 foot wide strip of land, lying 30.0 feet North of and adjacent to the following described line: Commencing at the Northeast corner of said Northeast quarter of Section 22; Thence S. 00 deg. 04' 00" W., for a distance of 1815.00 feet, thence N. 89 deg. 58' 22" E., for a distance of 58.34 feet to existing fenceline, and the TRUE POINT OF BEGINNING. Thence S. 89 deg. 58' 22" W., for a distance of 1531.38 feet, more or less, to the Southeasterly right of way line of Okanogan County Road No. 9437, and the TERMINUS of this line.

"SUBJECT TO ALL VALID OUTSTANDING EASEMENTS, RIGHTS-OR-WAY, MINERAL LEASES, MINERAL RESERVATIONS, AND MINERAL CONVEYANCES OF RECORD".

"AND THE FOLLOWING DESCRIBED IRRIGATION SYSTEMS INCLUDING BUT NOT LIMITED TO THE FOLLOWING, INCLUDING ANY REPLACEMENT OF OR ADDITIONS TO SUCH SYSTEMS-- COMPLETE SPRINKLER SYSTEMS W/PUMPS, MAINS, SUB-MAINS, RISERS, SPRINKLERS, PLUGS, VALVES AND FITTINGS".

SEE NEXT PAGE FOR ADDITIONAL EXCEPTIONS TO TITLE.

831047

EXHIBIT "A" - CONTINUED

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SUBJECT TO THE FOLLOWING:

1. LIABILITY FOR FUTURE ASSESSMENTS OR CHARGES BY THE OROVILLE-TONASKET IRRIGATION DISTRICT.
2. RESERVATION CONTAINED IN DEED TO ROY VISSER AND WIFE, FOR THE EAST 1000 FEET OF THE NORTH 495 FEET OF THE SENE OF SECTION 22, AND THE NORTH 825 FEET OF LOT 2 OF SECTION 23, BY RICHARD JOHNSON AND WIFE, WHEREIN GRANTOR RESERVE THE RIGHT TO WATER FOR DOMESTIC PURPOSES FROM A WELL LOCATED APPROXIMATELY 6 FEET INSIDE THE NORTH LINE OF SAID TRACT, AND RIGHT OF WAY FOR PIPE LINE FROM SAID WELL AND FOR POWER LINE TO SAID WELL, AS RECORDED IN VOLUME 129 PAGE 75.
3. STATUTORY RESERVATIONS CONTAINED IN THE DEED FROM THE STATE OF WASHINGTON THROUGH WHICH TITLE TO THE SWNE OF SECTION 22, IS CLAIMED WHEREIN GRANTOR RESERVES ALL OILS, GASES, COAL, ORES, MINERALS AND FOSSILS, TOGETHER WITH RIGHT TO ENTER UPON SAID LANDS FOR THE PURPOSE OF MINING SAME, UPON PAYING TO THE OWNER OF SAID LANDS FULL PAYMENT FOR ALL DAMAGES SUSTAINED BY REASON OF SUCH ENTERING.
4. RIGHT OF WAY EASEMENT IN FAVOR OF THE PUBLIC UTILITY DISTRICT NO. 1 OVER THE NESWNE OF SECTION 22, AS GRANTED BY INSTRUMENT RECORDED IN BOOK 107 OF DEEDS, PAGE 119.
5. CONFIRMATION AND INDENTURE DEED DATED 2/20/1982 IN FAVOR OF THE UNITED STATES OF AMERICA FOR RESERVED RIGHTS OF WAY FOR WATER PIPE LINES AND CONDUITS AS RECORDED IN REEL 40 PAGE 587, UNDER FILE NO. 687275.
6. ACCESS EASEMENT 30 FEET WIDE AS SHOWN ON SURVEY RECORDED IN BOOK J OF SURVEYS, PAGE 110, FILE NO. 799062.

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# **EXHIBIT K**

USDA-FmHA  
Form FmHA 1940-17  
(Rev. 4-92)

PROMISSORY NOTE	
Name <b>JOSE P. GOMEZ &amp; MARIA GOMEZ</b>	
State <b>WASHINGTON</b>	County <b>OKANOGAN</b>
Case No. <b>56-024-----</b>	Date <b>JUNE 4, 1997</b>
Fund Code <b>44</b>	Loan No. <b>06</b>
<div style="float: right; border: 1px solid black; padding: 5px; margin-top: 10px;"> <b>KIND OF LOAN</b>            Type <b>OL</b> <input checked="" type="checkbox"/> Regular  <input type="checkbox"/> Limited  <input type="checkbox"/> Resource         </div>	
Pursuant to: <input type="checkbox"/> Consolidated Farm & Rural Development Act <input type="checkbox"/> Emergency Agricultural Credit Adjustment Act of 1978	
<div style="float: right; border: 1px solid black; padding: 5px; margin-top: 10px;"> <b>ACTION REQUIRING NOTE</b>  <input type="checkbox"/> Initial loan <input type="checkbox"/> Rescheduling  <input checked="" type="checkbox"/> Subsequent loan <input type="checkbox"/> Reamortization  <input type="checkbox"/> Consolidated &amp; <input type="checkbox"/> Credit sale  <input type="checkbox"/> Subsequent loan <input type="checkbox"/> Deferred payments  <input type="checkbox"/> Consolidation <input type="checkbox"/> Debt write down  <input type="checkbox"/> Conservation  <input type="checkbox"/> easement         </div>	

FOR VALUE RECEIVED, the undersigned Borrower and any cosigners jointly and severally promise to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture,

(herein called the "Government"), or its assigns, at its office in 1251 S. 2ND ROOM 103, OKANOGAN, WA 98840, or at such other place as the Government may later designate in writing, the principal sum of FORTY SEVEN THOUSAND FIVE HUNDRED FIFTY AND NO/100 dollars (\$47,550.00), plus interest on the unpaid principal balance at the RATE of SIX AND ONE HALF percent (6.5%) per annum and ZERO dollars (\$0.00)

of Noncapitalized interest. If this note is for a Limited Resource loan (indicated in the "Kind of Loan" box above) the Government may CHANGE THE RATE OF INTEREST, in accordance with regulations of the Farmers Home Administration, not more often than quarterly, by giving the Borrower thirty (30) days prior written notice by mail to the Borrower's last known address. The new interest rate shall not exceed the highest rate established in regulations of the Farmers Home Administration for the type of loan indicated above.

Principal and interest shall be paid in THREE installments as indicated below, except as modified by a different rate of interest, on or before the following dates:

<u>\$1,398.00</u>	<u>on 01-01-98</u>	<u>;\$ 50,641.00</u>	<u>on 01-01-99;</u>
<u>SN/A</u>	<u>on N/A</u>	<u>;\$ N/A</u>	<u>on N/A;</u>
<u>SN/A</u>	<u>on N/A</u>	<u>;\$ N/A</u>	<u>on N/A;</u>
<u>SN/A</u>	<u>on N/A</u>	<u>;\$ N/A</u>	<u>on N/A;</u>
<u>SN/A</u>	<u>on N/A</u>	<u>;\$ N/A</u>	<u>on N/A;</u>
<u>SN/A</u>	<u>on N/A</u>	<u>;\$ N/A</u>	<u>on N/A;</u>

and \$0.00 thereafter on N/A of each N/A until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable TWO years from the date of this note, and except that prepayments may be made as provided below. The consideration for this note shall also support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan funds shall be advanced to the Borrower as requested by Borrower and approved by the Government. Approval by the Government will be given provided the advance is requested for a purpose authorized by the Government. Interest shall accrue on the amount of each advance from its actual date as shown in the Record of Advances at the end of this note. Borrower authorizes the Government to enter the amount(s) and date(s) of such advance(s) in the Record of Advances.

For each rescheduled, reamortized or consolidated note for applications for Primary and Preservation Loan Service Programs received prior to November 28, 1990, interest accrued to the date of this instrument which is more than 90 days overdue shall be added to principal and such new principal shall accrue interest at the rate evidenced by this instrument. For applications for Primary and Preservation Loan Service Programs received on or after November 28 1990, all unpaid interest accrued to the date of this instrument shall be added to the principal and such new principal shall accrue interest at the rate evidenced by this instrument.

Every payment made on any indebtedness evidenced by this note shall be applied first to a portion of any interest which accrues during the deferral period, second to accrued interest to the date of the payment on the note account and then to the principal. Nonprogram loans are not eligible for deferral.

Prepayments of scheduled installments, or any portion of these installments may be made at any time at the option of the Borrower. Refunds and extra payments, as defined in the regulations (7 CFR §1951.8) of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, to be applied to the last installments to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled in this note.

If the Government at any time assigns this note and insures the payment of it, Borrower shall continue to make payments to the Government as collection agent for the holder. While this note is held by an insured holder, prepayments made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on an installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between such date and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection of this note or to preserve or protect any security for the loan or otherwise expended under the terms of any security agreement or other instrument executed in connection with the loan evidenced by this note, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced by this note and be immediately due and payable by Borrower to the Government without demand.

Property constructed, improved, purchased, or refinanced in whole or in part with the loan evidenced by this note shall not be leased, assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government. Unless the Government consents otherwise in writing, Borrower will operate such property as a farm if this is a Farm Ownership loan.

If "Consolidation and subsequent loan," "Debt write down," "Consolidation," "Rescheduling," or "Rearmortization" is indicated in the "Action Requiring Note" block above, this note is given to consolidate, reschedule or reamortize, but not in satisfaction of the unpaid principal and interest on the following described note(s) or assumption agreement(s)(new term):

FUND CODE/ LOAN NO.	FACE AMOUNT	INT. RATE	DATE	ORIGINAL BORROWER	LAST INSTALL. DUE
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19

Security instruments taken in connection with the loans evidenced by these described notes and other related obligations are not affected by this consolidating, rescheduling or reamortizing. These security instruments shall continue to remain in effect and the security given for the loans evidenced by the described notes shall continue to remain as security for the loan evidenced by this note, and for any other related obligations.

**REFINANCING (GRADUATION) AGREEMENT:** If at any time it shall appear to the Government that the Borrower may be able to obtain financing from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept a loan(s) in sufficient amount to pay this note in full and, if the lender is a cooperative, to pay for any necessary stock. The provisions of this paragraph do not apply if the loan represented by this promissory note was made to the Borrower as a non-program loan.

**HIGHLY ERODIBLE LAND AND WETLAND CONSERVATION AGREEMENT:** Borrower recognizes that the loan described in this note will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity as further explained in 7 CFR Part 1940, Subpart G, Exhibit M. If (1) the term of the loan exceeds January 1, 1990, but not January 1, 1995, and (2) Borrower intends to produce an agricultural commodity on highly erodible land that is exempt from the restrictions of Exhibit M until either January 1, 1990, or two years after the Soil Conservation Service (SCS) has completed a soil survey for the Borrower's land, whichever is later, the Borrower further agrees that, prior to the loss of the exemption from the highly erodible land conservation restrictions found in 7 CFR Part 12, Borrower must demonstrate that Borrower is actively applying on that land which has been determined to be highly erodible, a conservation plan approved by the SCS or the appropriate conservation district in accordance with SCS's requirements. Furthermore, if the term of the loan exceeds January 1, 1995, Borrower further agrees that Borrower must demonstrate prior to January 1, 1995, that any production of an agricultural commodity on highly erodible land after that date will be done in compliance with a conservation system approved by SCS or the appropriate conservation district in accordance with SCS's requirements.

**DEFAULT:** Failure to pay when due any debt evidenced by this note or perform any covenant of agreement under this note shall constitute default under this and any other instrument evidencing a debt of Borrower owing to, insured or Guaranteed by the Government or securing or otherwise relating to such debt; and default under any such other instrument shall constitute default under this note. **UPON ANY SUCH DEFAULT,** the Government at its option may declare all or any part of any such Indebtedness immediately due and payable.

This Note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act, or the Emergency Agricultural Credit Adjustment Act of 1978 and for the type of loan as indicated in the "Kind of Loan" block above. This Note shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions of this note.

**"The term Farmers Home Administration (FmHA) includes the successor agencies thereto."**

Presentment, protest, and notice are waived.

(SEAL)

**JOSE P. GOMEZ**

**MARIA GOMEZ**

(Borrower)

PO BOX 917  
TONASKET, WA 98855

## RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE	AMOUNT	DATE
\$14,740.00	06-04-97	\$		\$	
\$		\$		\$	
\$		\$		\$	
\$		\$		\$	
TOTAL				\$	

# EXHIBIT L

## FARM SERVICE AGENCY

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 Form FmHA 1927-1 WA  
 (Rev. 9-19-96)

Position 5 - Real Estate Security

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## REAL ESTATE MORTGAGE FOR WASHINGTON

THIS MORTGAGE is made and entered into by JOSE P. GOMEZ AND MARIA GOMEZ, residing in OKANOGAN County, Washington, whose post office address is PO BOX 917 TONASKET, Washington, 98855, herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory note(s) or assumption agreement(s), herein called "note," or any shared appreciation agreement or recapture agreement, which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower; and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
JUNE 4, 1997	\$47550.00	06.500 %	JUNE 4, 1999

(The interest rate for limited resource farm ownership or limited resource operating loan(s) secured by this instrument may be increased as provided in the Farmers Home Administration regulations and the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act, or Title V of the Housing Act of 1949, or any other statute administered by the Farmers Home Administration.

And it is the purpose and intent of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder, this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity mortgage to secure the Government against loss under its insurance contract by reason of any default by Borrower;

And this instrument also secures the recapture of any deferred principal and interest or of any interest credit and subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §§ 1472(g) or 1490a, respectively, or any amount due under any Shared Appreciation/Recapture Agreement entered into pursuant to 7 U.S.C. § 2001.

NOW, THEREFORE, in consideration of the loan(s) and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against loss under its insurance contract by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby grant, bargain, sell, convey, mortgage, and assign with general warranty unto the Government the following property situated in the State of Washington, County(ies) of OKANOGAN:

Assessor's Tax Parcel #

Additional Parcel Numbers page #

Abbreviated Legal Description

Additional Legal See Exhibit "A" page #5

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## REAL ESTATE MORTGAGE FOR WASHINGTON

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues, and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to irrigation equipment, milking equipment, grain bins, ranges, refrigerators, clothes washers, clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein-all of which are herein called "the property";

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.  
BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Government, as collection agent for the holder.

(2) To pay the Government such fees and other charges as may now or hereafter be required by regulations of the Farmers Home Administration.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of the Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described by this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.

(12) Except as otherwise provided by the Farmers Home Administration regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien, and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. **HOWEVER**, any forbearance by the

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Form FmHA 1927-1 WA  
(Rev. 9-19-96)

Position 5 - Real Estate Security

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## REAL ESTATE MORTGAGE FOR WASHINGTON

Government-whether once or often-in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be declared a bankrupt or an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future laws.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of, (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future laws, (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (b) prescribing any other statute of limitations, (c) allowing any right of redemption or possession following any foreclosure sale or (d) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State laws.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, national origin, handicap, familial status or age, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, national origin, handicap, familial status or age.

(21) Borrower further agrees that the loan(s) secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.

(22) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to future regulations of the United States Department of Agriculture not inconsistent with the express provisions of this mortgage.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to Farmers Home Administration at Wenatchee, Washington 98801, and in the case of Borrower at the address shown in the Farmers Home Administration Finance Office records (which normally will be the same as the post office address shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

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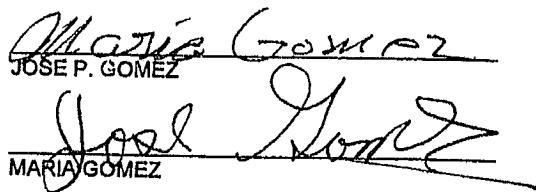
Position 5 - Real Estate Security

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## REAL ESTATE MORTGAGE FOR WASHINGTON

**"The term Farmers Home Administration (FmHA) includes the successor agencies thereto."**

WITNESS the hand(s) of Borrower this 4TH day of JUNE, 1997.

  
JOSE P. GOMEZ  
MARIAGOMEZ

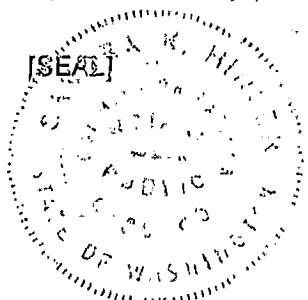
STATE OF WASHINGTONCOUNTY OF OKANOGAN

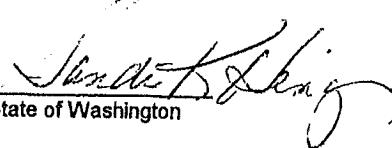
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## ACKNOWLEDGMENT

On this day personally appeared before me with the within-named JOSE P. GOMEZ AND MARIA GOMEZ, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that THEY signed the same THEIR free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 4TH day of JUNE, 1997.



SANDRA K. HINGER   
Notary Public in and for the State of Washington

Residing at OKANOGAN.

MY COMMISSION EXPIRES 6-29-2000

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EXHIBIT "A"

Beginning at the center of the Northeast quarter of Section 22, Township 38 North, Range 27, E.W.M., thence run South 680.0 feet, thence run West to the State Highway right of way, as located in 1951, thence Northeasterly along said highway right of way to the intersection with the North line of the Southwest quarter of the Northeast quarter of said Section 22, thence run East along said North line to the point of beginning. LESS the highway right of way.

The East 1000.0 feet of the North 495.0 feet of the Southeast quarter of the Northeast quarter of Section 22, and the North 825.0 feet of Government Lot 2 of Section 23, all in Township 38 North, Range 27, E.W.M.

The South half of the Northeast quarter of the Northeast quarter of Section 22, and that portion of Government Lot 1, Section 23, lying East of the said South half of the Northeast quarter of the Northeast quarter of Section 22. All in Township 38 North, Range 27, E.W.M., LESS the highway right of way.

The West 320.0 feet of the North 495.0 feet of the Southeast quarter of the Northeast quarter of Section 22, Township 38 North, Range 27, E.W.M.

ALL IN OKANOGAN COUNTY, WASHINGTON.

EXCEPT from the above described the following tract:

A portion of the Northeast quarter of Section 22, and a portion of Government Lots 1 and 2 of Section 23, all in Township 38 North, Range 27, E.W.M., described as follows:

Commencing at the Northwest corner of the said Northeast quarter, a 2" aluminum cap monument, from which the Northwest corner of said Section 22, bears S. 89 deg. 54' 56" W., 2644.75 feet; Thence N. 89 deg. 59' 09" E., along the North line of said Northeast quarter for a distance of 2644.88 feet to the Northeast corner of said Northeast quarter of Section 22. Thence S. 00 deg. 04' 00" W., along the East line of said Northeast quarter for a distance of 660.0 feet to the Northeast corner of the South half of the Northeast quarter of the Northeast quarter of said Section 22, and the TRUE POINT OF BEGINNING.

Thence run S. 89 deg. 58' 46" W., along the North line of said South half of Northeast quarter of the Northeast quarter, for a distance of 607.63 feet to an extension of an existing fenceline.

Thence S. 02 deg. 01' 14" E., for a distance of 813.21 feet; Thence S. 49 deg. 26' 50" E., for a distance of 281.16 feet; Thence S. 89 deg. 09' 23" E., for a distance of 452.26 feet; Thence S. 11 deg. 04' 46" W., for a distance of 171.23 feet; Thence S. 14 deg. 31' 13" W., for a distance of 221.69 feet to the West line of the said Government Lot 2, thence leaving said fenceline S. 00 deg. 04' 00" W., along said West line for a distance of 99.97 feet to the Southwest corner of the North 825.0 feet of said Government Lot 2 of Section 23. Thence S. 90 deg.

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## EXHIBIT "A" - CONTINUED

00' 00" E., along the South line of said North 825.0 feet for a distance of 325.18 feet, more or less to the ordinary high water line on the right bank of the Okanogan River. Thence continue along said ordinary high water line along the following course:

N. 05 deg. 51' 22" W., for a distance of 146.81 feet;  
 N. 05 deg. 08' 05" W., for a distance of 186.05 feet;  
 N. 04 deg. 17' 33" W., for a distance of 198.71 feet;  
 N. 04 deg. 51' 00" W., for a distance of 202.05 feet;  
 N. 04 deg. 57' 01" W., for a distance of 110.73 feet;  
 N. 13 deg. 33' 48" E., for a distance of 134.79 feet;  
 N. 07 deg. 12' 51" W., for a distance of 196.79 feet;  
 N. 06 deg. 36' 23" W., for a distance of 196.33 feet;  
 N. 05 deg. 03' 56" W., for a distance of 123.06 feet, more or less to the North line of the South half of said Government Lot 1; Thence leaving said ordinary high water line, N 90 deg. 00' 00" W., along said North line for a distance of 223.76 feet, more or less, to the TRUE POINT OF BEGINNING.

ALSO EXCEPTING an easement for ingress and egress, being a 30.0 foot wide strip of land, lying 30.0 feet North of and adjacent to the following described line: Commencing at the Northeast corner of said Northeast quarter of Section 22; Thence S. 00 deg. 04' 00" W., for a distance of 1815.00 feet, thence N. 89 deg. 58' 22" E., for a distance of 58.34 feet to existing fenceline, and the TRUE POINT OF BEGINNING. Thence S. 89 deg. 58' 22" W., for a distance of 1531.38 feet, more or less, to the Southeasterly right of way line of Okanogan County Road No. 9437, and the TERMINUS of this line.

"SUBJECT TO ALL VALID OUTSTANDING EASEMENTS, RIGHTS-OR-WAY, MINERAL LEASES, MINERAL RESERVATIONS, AND MINERAL CONVEYANCES OF RECORD".

"AND THE FOLLOWING DESCRIBED IRRIGATION SYSTEMS INCLUDING BUT NOT LIMITED TO THE FOLLOWING, INCLUDING ANY REPLACEMENT OF OR ADDITIONS TO SUCH SYSTEMS-- COMPLETE SPRINKLER SYSTEMS W/PUMPS, MAINS, SUB-MAINS, RISERS, SPRINKLERS, PLUGS, VALVES AND FITTINGS".

SEE NEXT PAGE FOR ADDITIONAL EXCEPTIONS TO TITLE.

853478

EXHIBIT "A" - CONTINUED

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SUBJECT TO THE FOLLOWING:

1. LIABILITY FOR FUTURE ASSESSMENTS OR CHARGES BY THE OROVILLE-TONASKET IRRIGATION DISTRICT.
2. RESERVATION CONTAINED IN DEED TO ROY VISSER AND WIFE, FOR THE EAST 1000 FEET OF THE NORTH 495 FEET OF THE SENE OF SECTION 22, AND THE NORTH 825 FEET OF LOT 2 OF SECTION 23, BY RICHARD JOHNSON AND WIFE, WHEREIN GRANTOR RESERVE THE RIGHT TO WATER FOR DOMESTIC PURPOSES FROM A WELL LOCATED APPROXIMATELY 6 FEET INSIDE THE NORTH LINE OF SAID TRACT, AND RIGHT OF WAY FOR PIPE LINE FROM SAID WELL AND FOR POWER LINE TO SAID WELL, AS RECORDED IN VOLUME 129 PAGE 75.
3. STATUTORY RESERVATIONS CONTAINED IN THE DEED FROM THE STATE OF WASHINGTON THROUGH WHICH TITLE TO THE SWNE OF SECTION 22, IS CLAIMED WHEREIN GRANTOR RESERVES ALL OILS, GASES, COAL, ORES, MINERALS AND FOSSILS, TOGETHER WITH RIGHT TO ENTER UPON SAID LANDS FOR THE PURPOSE OF MINING SAME, UPON PAYING TO THE OWNER OF SAID LANDS FULL PAYMENT FOR ALL DAMAGES SUSTAINED BY REASON OF SUCH ENTERING.
4. RIGHT OF WAY EASEMENT IN FAVOR OF THE PUBLIC UTILITY DISTRICT NO. 1 OVER THE NESWNE OF SECTION 22, AS GRANTED BY INSTRUMENT RECORDED IN BOOK 107 OF DEEDS, PAGE 119.
5. CONFIRMATION AND INDENTURE DEED DATED 2/20/1982 IN FAVOR OF THE UNITED STATES OF AMERICA FOR RESERVED RIGHTS OF WAY FOR WATER PIPE LINES AND CONDUITS AS RECORDED IN REEL 40 PAGE 587, UNDER FILE NO. 687275.
6. ACCESS EASEMENT 30 FEET WIDE AS SHOWN ON SURVEY RECORDED IN BOOK J OF SURVEYS, PAGE 110, FILE NO. 799062.

# EXHIBIT M

USDA-FmHA  
Form FmHA 1940-17  
(Rev. 4-92)

PROMISSORY NOTE		KIND OF LOAN	
Name <b>GOMEZ, JOSE AND MARIA</b>		<input checked="" type="checkbox"/> Type <b>OL</b> <input type="checkbox"/> Regular <input type="checkbox"/> Limited <input type="checkbox"/> Resource	
State <b>WASHINGTON</b>	County <b>OKANOGAN</b>	Pursuant to:	
Case No. <b>56-024-----</b>	Date <b>MARCH 3, 1998</b>	<input checked="" type="checkbox"/> Consolidated Farm & Rural Development Act <input type="checkbox"/> Emergency Agricultural Credit Adjustment Act of 1978	
Fund Code <b>44</b>	Loan No. <b>07</b>	ACTION REQUIRING NOTE	
		<input type="checkbox"/> Initial loan <input type="checkbox"/> Rescheduling <input checked="" type="checkbox"/> Subsequent loan <input type="checkbox"/> Rearmortization <input type="checkbox"/> Consolidated & <input type="checkbox"/> Credit sale <input type="checkbox"/> Subsequent loan <input type="checkbox"/> Deferred payments <input type="checkbox"/> Consolidation <input type="checkbox"/> Debt write down <input type="checkbox"/> Conservation <input type="checkbox"/> easement	

FOR VALUE RECEIVED, the undersigned Borrower and any cosigners jointly and severally promise to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture,

(herein called the "Government"), or its assigns, at its office in OKANOGAN, WA, or at such other place as the Government may later designate in writing, the principal sum of FORTY TWO THOUSAND THREE HUNDRED FIFTY dollars (\$42,350.00), plus interest on the unpaid principal balance at the RATE of SIX percent (6.0%) per annum and ZERO dollars (\$0.00)

of Noncapitalized interest. If this note is for a Limited Resource loan (indicated in the "Kind of Loan" box above) the Government may CHANGE THE RATE OF INTEREST, in accordance with regulations of the Farmers Home Administration, not more often than quarterly, by giving the Borrower thirty (30) days prior written notice by mail to the Borrower's last known address. The new interest rate shall not exceed the highest rate established in regulations of the Farmers Home Administration for the type of loan indicated above.

Principal and interest shall be paid in THREE installments as indicated below, except as modified by a different rate of interest, on or before the following dates:

<b>\$1,800.00</b>	on <b>1/1/99</b>	<b>;\$ 44,448.00</b>	on <b>1/1/00;</b>
<b>\$N/A</b>	on <b>N/A</b>	<b>;\$ N/A</b>	on <b>N/A;</b>
<b>\$N/A</b>	on <b>N/A</b>	<b>;\$ N/A</b>	on <b>N/A;</b>
<b>\$N/A</b>	on <b>N/A</b>	<b>;\$ N/A</b>	on <b>N/A;</b>
<b>\$N/A</b>	on <b>N/A</b>	<b>;\$ N/A</b>	on <b>N/A;</b>
<b>\$N/A</b>	on <b>N/A</b>	<b>;\$ N/A</b>	on <b>N/A;</b>

and \$0 thereafter on 0 of each until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable TWO years from the date of this note; and except that prepayments may be made as provided below. The consideration for this note shall also support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan funds shall be advanced to the Borrower as requested by Borrower and approved by the Government. Approval by the Government will be given provided the advance is requested for a purpose authorized by the Government. Interest shall accrue on the amount of each advance from its actual date as shown in the Record of Advances at the end of this note. Borrower authorizes the Government to enter the amount(s) and date(s) of such advance(s) in the Record of Advances.

For each rescheduled, reamortized or consolidated note for applications for Primary and Preservation Loan Service Programs received prior to November 28, 1990, interest accrued to the date of this instrument which is more than 90 days overdue shall be added to principal and such new principal shall accrue interest at the rate evidenced by this instrument. For applications for Primary and Preservation Loan Service Programs received on or after November 28, 1990, all unpaid interest accrued to the date of this instrument shall be added to the principal and such new principal shall accrue interest at the rate evidenced by this instrument.

Every payment made on any indebtedness evidenced by this note shall be applied first to a portion of any interest which accrues during the deferral period, second to accrued interest to the date of the payment on the note account and then to the principal. Nonprogram loans are not eligible for deferral.

Prepayments of scheduled installments, or any portion of these installments may be made at any time at the option of the Borrower. Refunds and extra payments, as defined in the regulations (7 CFR §1951.8) of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, to be applied to the last installments to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled in this note.

If the Government at any time assigns this note and insures the payment of it, Borrower shall continue to make payments to the Government as collection agent for the holder. While this note is held by an insured holder, prepayments made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on an installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between such date and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection of this note or to preserve or protect any security for the loan or otherwise expended under the terms of any security agreement or other instrument executed in connection with the loan evidenced by this note, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced by this note and be immediately due and payable by Borrower to the Government without demand.

Property constructed, improved, purchased, or refinanced in whole or in part with the loan evidenced by this note shall not be leased, assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government. Unless the Government consents otherwise in writing, Borrower will operate such property as a farm if this is a Farm Ownership loan.

If "Consolidation and subsequent loan," "Debt write down," "Consolidation," "Rescheduling," or "Reamortization" is indicated in the "Action Requiring Note" block above, this note is given to consolidate, reschedule or reamortize, but not in satisfaction of the unpaid principal and interest on the following described note(s) or assumption agreement(s)(new term):

FUND CODE/ LOAN NO.	FACE AMOUNT	INT. RATE	DATE	ORIGINAL BORROWER	LAST INSTALL. DUE
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19
	\$	%	, 19		, 19

Security instruments taken in connection with the loans evidenced by these described notes and other related obligations are not affected by this consolidating, rescheduling or reamortizing. These security instruments shall continue to remain in effect and the security given for the loans evidenced by the described notes shall continue to remain as security for the loan evidenced by this note, and for any other related obligations.

**REFINANCING (GRADUATION) AGREEMENT:** If at any time it shall appear to the Government that the Borrower may be able to obtain financing from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept a loan(s) in sufficient amount to pay this note in full and, if the lender is a cooperative, to pay for any necessary stock. The provisions of this paragraph do not apply if the loan represented by this promissory note was made to the Borrower as a non-program loan.

**HIGHLY ERODIBLE LAND AND WETLAND CONSERVATION AGREEMENT:** Borrower recognizes that the loan described in this note will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity as further explained in 7 CFR Part 1940, Subpart G, Exhibit M. If (1) the term of the loan exceeds January 1, 1990, but not January 1, 1995, and (2) Borrower intends to produce an agricultural commodity on highly erodible land that is exempt from the restrictions of Exhibit M until either January 1, 1990, or two years after the Soil Conservation Service (SCS) has completed a soil survey for the Borrower's land, whichever is later, the Borrower further agrees that, prior to the loss of the exemption from the highly erodible land conservation restrictions found in 7 CFR Part 12, Borrower must demonstrate that Borrower is actively applying on that land which has been determined to be highly erodible, a conservation plan approved by the SCS or the appropriate conservation district in accordance with SCS's requirements. Furthermore, if the term of the loan exceeds January 1, 1995, Borrower further agrees that Borrower must demonstrate prior to January 1, 1995, that any production of an agricultural commodity on highly erodible land after that date will be done in compliance with a conservation system approved by SCS or the appropriate conservation district in accordance with SCS's requirements.

**DEFAULT:** Failure to pay when due any debt evidenced by this note or perform any covenant of agreement under this note shall constitute default under this and any other instrument evidencing a debt of Borrower owing to, insured or Guaranteed by the Government or securing or otherwise relating to such debt; and default under any such other instrument shall constitute default under this note. **UPON ANY SUCH DEFAULT,** the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

This Note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act, or the Emergency Agricultural Credit Adjustment Act of 1978 and for the type of loan as indicated in the "Kind of Loan" block above. This Note shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions of this note.

**"The term Farmers Home Administration (FmHA) includes the successor agencies thereto."**

Presentment, protest, and notice are waived.

(SEAL)  JOSE GOMEZ

Marie Gomez 3/3/98  
**MARIA GOMEZ** (Borrowed)

## RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE	AMOUNT	DATE
\$3820.00	3/3/98	\$		\$	
\$		\$		\$	
\$		\$		\$	
\$		\$		\$	
TOTAL				\$	

# EXHIBIT N

FARM SERVICE AGENCY  
1251 S 2nd Ave., Room 103  
Okanogan, WA 98840

862864

FSA

FILED FOR RECORD

98 MAR 4 PM 2:06

REC VOL 165 PAGE 1635

OKANOGAN COUNTY AUDITOR  
OKANOGAN, WA

RECEIVED

MAR 13 1998

OKANOGAN COUNTY  
FSA OFFICE

USDA-FmHA  
Form FmHA 1927-1 WA  
(Rev. 9-19-96)

Position 5 - Real Estate Security

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## REAL ESTATE MORTGAGE FOR WASHINGTON

THIS MORTGAGE is made and entered into by JOSE AND MARIA GOMEZ residing in OKANOGAN County, Washington, whose post office address is PO Box 917, Tonasket, Washington, 98855, herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory note(s) or assumption agreement(s), herein called "note," or any shared appreciation agreement or recapture agreement, which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
MARCH 3, 1998	42,350.00	6.0%	3/3/00

(The interest rate for limited resource farm ownership or limited resource operating loan(s) secured by this instrument may be increased as provided in the Farmers Home Administration regulations and the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act, or Title V of the Housing Act of 1949, or any other statute administered by the Farmers Home Administration.

And it is the purpose and intent of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder, this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity mortgage to secure the Government against loss under its insurance contract by reason of any default by Borrower;

And this instrument also secures the recapture of any deferred principal and interest or of any interest credit and subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §§ 1472(g) or 1490a, respectively, or any amount due under any Shared Appreciation/Recapture Agreement entered into pursuant to 7 U.S.C. § 2001.

NOW, THEREFORE, in consideration of the loan(s) and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against loss under its insurance contract by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby grant, bargain, sell, convey, mortgage, and assign with general warranty unto the Government the following property situated in the State of Washington, County(ies) of OKANOGAN:

Assessor's Tax Parcel #3827220062, 3827220063, 3827220064 AND 3827230040

Additional Parcel Numbers page #

Abbreviated Legal Description

Additional Legal See Exhibit "A" page #1

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## REAL ESTATE MORTGAGE FOR WASHINGTON

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues, and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to irrigation equipment, milking equipment, grain bins, ranges, refrigerators, clothes washers, clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein-all of which are herein called "the property";

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Government, as collection agent for the holder.

(2) To pay the Government such fees and other charges as may now or hereafter be required by regulations of the Farmers Home Administration.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of the Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described by this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.

(12) Except as otherwise provided by the Farmers Home Administration regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien, and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the

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Position 5 - Real Estate Security

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## REAL ESTATE MORTGAGE FOR WASHINGTON

Government-whether once or often-in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be declared a bankrupt or an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future laws.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of, (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future laws, (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (b) prescribing any other statute of limitations, (c) allowing any right of redemption or possession following any foreclosure sale or (d) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State laws.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, national origin, handicap, familial status or age, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, national origin, handicap, familial status or age.

(21) Borrower further agrees that the loan(s) secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.

(22) This Instrument shall be subject to the present regulations of the Farmers Home Administration, and to future regulations of the United States Department of Agriculture not inconsistent with the express provisions of this mortgage.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to Farmers Home Administration at Wenatchee, Washington 98801, and in the case of Borrower at the address shown in the Farmers Home Administration Finance Office records (which normally will be the same as the post office address shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

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Position 5 - Real Estate Security

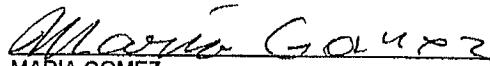
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## REAL ESTATE MORTGAGE FOR WASHINGTON

**"The term Farmers Home Administration (FmHA) includes the successor agencies thereto."**                   

WITNESS the hand(s) of Borrower this THIRD day of MARCH, 1998.

  
JOSE GOMEZ

  
MARIA GOMEZ

STATE OF WASHINGTON

ss:

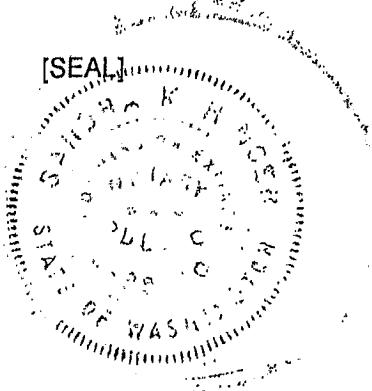
ACKNOWLEDGMENT

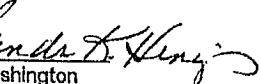
COUNTY OF OKANOGAN

On this day personally appeared before me with the within-named JOSE AND MARIA GOMEZ, to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that THEY signed the same THEIR free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this THIRD day of MARCH, 1998.

[SEAL]



  
SANDRA K. HINGER   
Notary Public in and for the State of Washington

Residing at OKANOGAN.

My Commission EXPIRES 6-29-2000

PAGE #1

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## LEGAL DESCRIPTION

Beginning at the center of the Northeast quarter of Section 22, Township 38 North, Range 27, E.W.M., thence run South 680.0 feet, thence run West to the State Highway right of way, as located in 1951, thence Northeasterly along said highway right of way to the intersection with the North line of the Southwest quarter of the Northeast quarter of said Section 22, thence run East along said North line to the point of beginning. LESS the highway right of way.

The East 1000.0 feet of the North 495.0 feet of the Southeast quarter of the Northeast quarter of Section 22, and the North 825.0 feet of Government Lot 2 of Section 23, all in Township 38 North, Range 27, E.W.M.

The South half of the Northeast quarter of the Northeast quarter of Section 22, and that portion of Government Lot 1, Section 23, lying East of the said South half of the Northeast quarter of the Northeast quarter of Section 22. All in Township 38 North, Range 27, E.W.M., LESS the highway right of way.

The West 320.0 feet of the North 495.0 feet of the Southeast quarter of the Northeast quarter of Section 22, Township 38 North, Range 27, E.W.M.

ALL IN OKANOGAN COUNTY, WASHINGTON.

EXCEPT from the above described the following tract:

A portion of the Northeast quarter of Section 22, and a portion of Government Lots 1 and 2 of Section 23, all in Township 38 North, Range 27, E.W.M., described as follows:

Commencing at the Northwest corner of the said Northeast quarter, a 2" aluminum cap monument, from which the Northwest corner of said Section 22, bears S. 89 deg. 54' 56" W., 2644.75 feet; Thence N. 89 deg. 59' 09" E., along the North line of said Northeast quarter for a distance of 2644.88 feet to the Northeast corner of said Northeast quarter of Section 22. Thence S. 00 deg. 04' 00" W., 660.0 feet to the Northeast corner of the South half of the Northeast quarter of the Northeast quarter of said Section 22, and the TRUE POINT OF BEGINNING.

Thence run S. 89 deg. 58' 46" W., along the North line of said South half of Northeast quarter of the Northeast quarter, for a distance of 607.63 feet to an extension of an existing fenceline.

Thence S. 02 deg. 01' 14" E., for a distance of 813.21 feet;

Thence S. 49 deg. 26' 50" E., for a distance of 281.16 feet;

Thence S. 89 deg. 09' 23" E., for a distance of 452.26 feet;

Thence S. 11 deg. 04' 46" W., for a distance of 171.23 feet;

Thence S. 14 deg. 31' 13" W., for a distance of 221.69 feet to the West line of the said Government Lot 2, thence leaving said fenceline S. 00 deg. 04' 00" W., along said West line for a distance of 99.97 feet to the Southwest corner of the North 825.0 feet of said Government Lot 2 of Section 23. Thence S. 90 deg. 73

VOL 165 PAGE 1640

EXHIBIT "A" - CONTINUED

00' 00" E., along the South line of said North 825.0 feet for a distance of 325.18 feet, more or less to the ordinary high water line on the right bank of the Okanogan River. Thence continue along said ordinary high water line along the following course:

N. 05 deg. 51' 22" W., for a distance of 146.81 feet;  
N. 05 deg. 08' 05" W., for a distance of 186.05 feet;  
N. 04 deg. 17' 33" W., for a distance of 198.71 feet;  
N. 04 deg. 51' 00" W., for a distance of 202.05 feet;  
N. 04 deg. 57' 01" W., for a distance of 110.73 feet;  
N. 13 deg. 33' 48" E., for a distance of 134.79 feet;  
N. 07 deg. 12' 51" W., for a distance of 196.79 feet;  
N. 06 deg. 36' 23" W., for a distance of 196.33 feet;  
N. 05 deg. 03' 56" W., for a distance of 123.06 feet, more or less to the North line of the South half of said Government Lot 1; Thence leaving said ordinary high water line, N 90 deg. 00' 00" W., along said North line for a distance of 223.76 feet, more or less, to the TRUE POINT OF BEGINNING.

ALSO EXCEPTING an easement for ingress and egress, being a 30.0 foot wide strip of land, lying 30.0 feet North of and adjacent to the following described line: Commencing at the Northeast corner of said Northeast quarter of Section 22; Thence S. 00 deg. 04' 00" W., for a distance of 1815.00 feet, thence N. 89 deg. 58' 22" E., for a distance of 58.34 feet to existing fenceline, and the TRUE POINT OF BEGINNING. Thence S. 89 deg. 58' 22" W., for a distance of 1531.38 feet, more or less, to the Southeasterly right of way line of Okanogan County Road No. 9437, and the TERMINUS of this line.

"SUBJECT TO ALL VALID OUTSTANDING EASEMENTS, RIGHTS-OR-WAY, MINERAL LEASES, MINERAL RESERVATIONS, AND MINERAL CONVEYANCES OF RECORD".

"AND THE FOLLOWING DESCRIBED IRRIGATION SYSTEMS INCLUDING BUT NOT LIMITED TO THE FOLLOWING, INCLUDING ANY REPLACEMENT OF OR ADDITIONS TO SUCH SYSTEMS-- COMPLETE SPRINKLER SYSTEMS W/PUMPS, MAINS, SUB-MAINS, RISERS, SPRINKLERS, PLUGS, VALVES AND FITTINGS".

862864

VOL 165 PAGE 1641

SUBJECT TO THE FOLLOWING:

1. LIABILITY FOR FUTURE ASSESSMENTS OR CHARGES BY THE OROVILLE-TONASKET IRRIGATION DISTRICT.

2. RESERVATION CONTAINED IN DEED TO ROY VISSER AND WIFE, FOR THE EAST 1000 FEET OF THE NORTH 495 FEET OF THE SENE OF SECTION 22, AND THE NORTH 825 FEET OF LOT 2 OF SECTION 23, BY RICHARD JOHNSON AND WIFE, WHEREIN GRANTOR RESERVE THE RIGHT TO WATER FOR DOMESTIC PURPOSES FROM A WELL LOCATED APPROXIMATELY 6 FEET INSIDE THE NORTH LINE OF SAID TRACT, AND RIGHT OF WAY FOR PIPE LINE FROM SAID WELL AND FOR POWER LINE TO SAID WELL, AS RECORDED IN VOLUME 129 PAGE 75.

3. STATUTORY RESERVATIONS CONTAINED IN THE DEED FROM THE STATE OF WASHINGTON THROUGH WHICH TITLE TO THE SWNE OF SECTION 22, IS CLAIMED WHEREIN GRANTOR RESERVES ALL OILS, GASES, COAL, ORES, MINERALS AND FOSSILS, TOGETHER WITH RIGHT TO ENTER UPON SAID LANDS FOR THE PURPOSE OF MINING SAME, UPON PAYING TO THE OWNER OF SAID LANDS FULL PAYMENT FOR ALL DAMAGES SUSTAINED BY REASON OF SUCH ENTERING.

4. RIGHT OF WAY EASEMENT IN FAVOR OF THE PUBLIC UTILITY DISTRICT NO. 1 OVER THE NESWNE OF SECTION 22, AS GRANTED BY INSTRUMENT RECORDED IN BOOK 107 OF DEEDS, PAGE 119.

5. CONFIRMATION AND INDENTURE DEED DATED 2/20/1982 IN FAVOR OF THE UNITED STATES OF AMERICA FOR RESERVED RIGHTS OF WAY FOR WATER PIPE LINES AND CONDUITS AS RECORDED IN REEL 40 PAGE 587, UNDER FILE NO. 687275.

6. ACCESS EASEMENT 30 FEET WIDE AS SHOWN ON SURVEY RECORDED IN BOOK J OF SURVEYS, PAGE 110, FILE NO. 799062.

# EXHIBIT O



United States  
Department of  
Agriculture

Farm and Foreign  
Agricultural  
Services

Farm  
Service  
Agency

Washington State Farm Service Agency  
316 W. Boone Ave.  
Suite 568  
Spokane, WA 99201-2350

5-FLP, Exhibit 49

**NOTICE OF ACCELERATION OF FARM LOAN PROGRAMS ACCOUNTS SECURED BY  
REAL ESTATE AND/OR CHATTELS IN CASES NOT INVOLVING BANKRUPTCY**

SENT VIA CERTIFIED AND REGULAR MAIL  
RETURN RECEIPT REQUESTED  
#7002 2030 0002 0620 6765

January 20, 2017

Jose P. Gomez  
Maria Gomez  
P.O. Box 917  
Tonasket, WA 98855

**Subject: NOTICE OF ACCELERATION OF YOUR DEBT TO THE FARM SERVICE AGENCY  
AND DEMAND FOR PAYMENT OF THAT DEBT**

Dear Jose & Maria:

PLEASE NOTE that the entire indebtedness due on the promissory notes and/or assumption agreements which evidence the loans received by you from the United States of America, acting through the Farm Service Agency, United States Department of Agriculture is now declared immediately due and payable. They are described as follows:

Debt Instrument	Date of Instrument	Original Amount
Ch. 12 Bankruptcy Plan	08/25/2003	\$183,191.44
Promissory Note	03/17/1994	\$26,500.00
Promissory Note	06/29/1995	\$98,000.00
Promissory Note	06/04/1997	47,550.00
Promissory Note	03/03/1998	\$42,350.00

The promissory notes or assumption agreements are secured by real estate mortgages, deeds of trust, security agreement, and financing statements, etc., described and perfected as follows:

Security Instrument	Date	Recording Office	Recording Information
UCC-1	02/16/1999	WA Dept. of Licensing	#99-047-0379
Real Estate Mortgage	06/29/1995	Okanogan County Auditor	#830380
Real Estate Mortgage	06/29/1995	Okanogan County Auditor	#831047
Real Estate Mortgage	06/04/1997	Okanogan County Auditor	#853478
Real Estate Mortgage	03/03/1998	Okanogan County Auditor	#862864

USDA is an equal opportunity provider, employer, and lender.

This acceleration of your indebtedness is made in accordance with the authority granted in the above-described instruments.

The reasons for taking this action are as follows:

Your two loans with the Farm Service Agency are both past due. Loan no. 44-08 is \$15,044.02 behind, and loan no. 41-10 is \$36,033.00 behind as of today's date.

The indebtedness due is \$113,718.95 unpaid principal, and \$28,358.15 unpaid interest, as of 01/20/2017, plus additional interest accruing at the rate of \$24.9247 per day thereafter, plus any advances made by the United States for the protection of its security and interest accruing on any such advances and any shared appreciation. Unless full payment of your indebtedness is received made by one of the methods described below within 30 days from the date of this letter, the United States will foreclose the above described security instruments and pursue any other available remedies.

If your account is referred to the Department of Justice for foreclosure and/or other collection activity after foreclosure, such as a deficiency judgment or enforcing a judgment lien, attorney's fees may be added to your debt as well as a Department of Justice fee of 3 percent.

If your account is referred to the Department of Justice for foreclosure and/or other collection activity after foreclosure, such as a deficiency judgment or enforcing a judgment lien, attorney's fees may be added to your debt as well as a Department of Justice fee of 3 percent.

Full payment may be made in any of the following ways:

A) CASH

Payment should be made by cashier's check, certified check, or postal money order payable to the Farm Service Agency and delivered to FSA at 1251 S. 2<sup>nd</sup> Ave., Room 103, Okanogan, WA 98840. If you submit to the UNITED STATES any payment insufficient to pay the account in full or insufficient to comply with any arrangements agreed to between the Farm Service Agency and yourself, that payment WILL NOT CANCEL the effect of this notice. If such insufficient payments are received and credited to your account, no waiver or prejudice of any rights which the UNITED STATES may have for breach of any promissory note or covenant in the security instruments will result and the Farm Service Agency may proceed as though no such payment had been made.

B) TRANSFER AND ASSUMPTION

You may transfer the collateral for your loans to someone who is willing and able to assume the debt. Contact FSA immediately if you are interested in this.

C) SALE

You may sell the collateral for your loans for its market value and send the proceeds to FSA or to other creditors with liens prior to FSA's lien. Contact FSA immediately if you are interested in this.

5-FLP, Exhibit 49

D) VOLUNTARY CONVEYANCE

You may convey all of your collateral to the Government. Contact FSA immediately if you are interested in this.

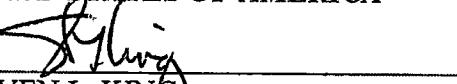
If you have not been advised of your rights to request deferral of payments or other servicing options you should contact FSA at the above mentioned address within 15 days of the receipt of this notice.

If you fail to comply with the requirements outlined in this notice within the next 30 days, the United States plans to proceed with foreclosure/liquidation.

**YOU DO NOT HAVE ANY RIGHT TO APPEAL THIS DECISION TO ACCELERATE YOUR FSA DEBTS.**

**UNITED STATES OF AMERICA**

**BY:**

  
STEVEN L. KING

District Director

Farm Service Agency

United States Department of Agriculture

**Notice to Customers Presenting Checks**

When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. For inquiries, please contact your local office.

**Privacy Act – A privacy Act Statement required by 5.U.S.C. § 552a(e)(3) stating our authority for soliciting and collecting the information from your check, and explaining the purposes and routine uses which will be made of your check information, is available from our internet site at (<http://www.fms.treas.gov/otcnet/index.html>), or call toll free at (1-866-945-7920) to obtain a copy by mail. Furnishing the check information is voluntary, but a decision not to do so may require you to make payment by some other method.**

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		<p>A. Signature <u>JOSE P. GOMEZ</u></p> <p><input type="checkbox"/> Agent      <input type="checkbox"/> Address</p> <p>B. Received by (Printed Name)</p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>1. Article Addressed to:</p> <p>JOSE P. GOMEZ MARIA GOMEZ P.O. Box 917 TONASKET, WA 98855</p> <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail      <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered      <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail      <input type="checkbox"/> C.O.D.   </p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> <p>2. Article Number (Transfer from service label) 2002 2030 0002 0620 6765</p>	

U.S. Postal Service™	
<b>CERTIFIED MAIL™ RECEIPT</b>	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage	\$ 1.15
Certified Fee	3.45
Return Receipt Fee (Endorsement Required)	2.80
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.40
Postmark Here	
1/20/17	
Sent To JOSE + MARIA GOMEZ	
Street, Apt. No., or PO Box No.	
P.O. Box 917	
City, State, ZIP+4 TONASKET, WA 98875	

## CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

## I. (a) PLAINTIFFS

(b) County of Residence of First Listed Plaintiff \_\_\_\_\_  
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

## DEFENDANTS

County of Residence of First Listed Defendant \_\_\_\_\_  
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

## II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

<input type="checkbox"/> 1 U.S. Government Plaintiff	<input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)
<input type="checkbox"/> 2 U.S. Government Defendant	<input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)

## III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

	PTF	DEF		PTF	DEF
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

## IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	<b>PERSONAL INJURY</b> <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/ Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark
<b>REAL PROPERTY</b>	<b>CIVIL RIGHTS</b>	<b>PRISONER PETITIONS</b>	<b>LABOR</b>	<b>SOCIAL SECURITY</b>
<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/ Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	<b>Habeas Corpus:</b> <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <b>Other:</b> <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement	<input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act	<input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g))
			<b>IMMIGRATION</b>	<b>FEDERAL TAX SUITS</b>
			<input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609

## V. ORIGIN (Place an "X" in One Box Only)

<input type="checkbox"/> 1 Original Proceeding	<input type="checkbox"/> 2 Removed from State Court	<input type="checkbox"/> 3 Remanded from Appellate Court	<input type="checkbox"/> 4 Reinstated or Reopened	<input type="checkbox"/> 5 Transferred from Another District (specify) _____	<input type="checkbox"/> 6 Multidistrict Litigation
--	---	--	---	--	---

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): \_\_\_\_\_

## VI. CAUSE OF ACTION

Brief description of cause: \_\_\_\_\_

## VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$ \_\_\_\_\_

CHECK YES only if demanded in complaint:  
**JURY DEMAND:**  Yes  No

## VIII. RELATED CASE(S) IF ANY

(See instructions): \_\_\_\_\_

JUDGE \_\_\_\_\_

DOCKET NUMBER \_\_\_\_\_

DATE \_\_\_\_\_

SIGNATURE OF ATTORNEY OF RECORD

## FOR OFFICE USE ONLY

RECEIPT # \_\_\_\_\_

AMOUNT \_\_\_\_\_

APPLYING IFP \_\_\_\_\_

JUDGE \_\_\_\_\_

MAG. JUDGE \_\_\_\_\_

**INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44****Authority For Civil Cover Sheet**

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
- (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.  
 United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.  
 United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.  
 Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.  
 Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerk(s) in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.
- V. Origin.** Place an "X" in one of the six boxes.  
 Original Proceedings. (1) Cases which originate in the United States district courts.  
 Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.  
 Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.  
 Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.  
 Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.  
 Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.  
 Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.  
 Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

**Date and Attorney Signature.** Date and sign the civil cover sheet.